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ABSTRACT

This report examines economic and social developments in Europe since 1950 in terms of structural change, productivity, economic integration and planning, regional development, and human problems and social policy-making. Evolving policies concerning income levels and distribution, conditions of work and life, and labor relations in Europe are reviewed to determine how they are meeting the challenge of technological change and helping to construct a more human society. Another report presented at this conference and entitled "Manpower Aspects of Recent Economic Evolution" is available as ED 035 758. (BC)

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REPORT I

SECOND EUROPEAN REGIONAL CONFERENCE
GENEVA, 1968

First Item on the Agenda

REPORT OF THE DIRECTOR-GENERAL

Technological Change and Social Progress: Some Problems and Perspectives

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Technological Change and Social Progress: Some Problems and Perspectives

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GENEVA, 1968

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INTRODUCTION

Thirteen years have elapsed since the first European Regional Conference. They have been marked by profound changes in many fields, not only political, economic and social but also cultural and ideological. Economic and technological progress in Europe has led to vastly increased prosperity for many and at the same time to far-reaching changes in the production of goods and services; the relative importance of different sources of energy has been considerably altered; new methods have been introduced in the management of business and of entire economies; there is a growing trend towards the development of services and other forms of organisation, so that certain European countries are today on the threshold of "post-industrial" or "service" economies.

Though some workers face new hazards and new forms of fatigue in their employment, in many respects the causes of hazards and fatigue have been reduced or eliminated. There are new opportunities for adapting job content and working conditions to human needs and for improving the worker's welfare and raising his standard of living. Changes have taken place in the occupational and social structure, and new possibilities of vocational advancement and human betterment have arisen. The opportunities for living a fuller life have been increased by the extension of leisure and the spread of mass communication media. These changes have in turn fostered new kinds of relations among individuals and groups, so that there is now perhaps a greater risk of tensions and misunderstandings, but also a more widespread recognition of the growing mutual dependence of individuals and groups, whether in the production process or in the general functioning of society.

On the whole, scientific and technological development has continued to broaden the individual's horizons: as human control over the environment has steadily increased, the range and diversity of human experience have grown beyond the wildest dreams of previous generations. Of special concern to the I.L.O. is the fact that the continuing transformation of the scientific and technical foundations of the European economy has had a spectacular effect on the basic problems of work, of social policy and of relations between different generations and interest groups.

Admittedly, it is difficult to discuss Europe or the "European Man" without differentiating. Differences connected with national traditions and with political and economic structures are accompanied by disparities in economic growth and different approaches to economic development, which have repercussions on social and labour affairs. Clearly the countries of Europe that are in course of industrialisation face problems very different from those found in countries that are already industrialised. Differences in social and political systems also give rise to very different sets of problems. When the situation varies so greatly, the underlying social conditions, the relationship between different sectors of the economy and the tensions between different groups are often not comparable. To give one example, the problem involved in the relationship between urban and rural areas is obviously not the same in a country like Sweden, where the social differences between town and country have been attenuated by the trend towards a uniform national way of life, and in countries of southern Europe, where much of the rural population still constitutes a large backward and partly illiterate reserve of manpower, whose only escape is to the already overcrowded urban areas—with limited opportunities for better living standards—or to richer countries. In either case they face difficult problems of integration into a new environment. However, in spite of the many differences that still separate them, the nations of Europe have greatly strengthened co-operation with each other in the economic field.

Moreover, the preoccupations of all European countries with attaining or maintaining a high rate of economic growth are paralleled by the increasing attention that is being paid to the human cost of work—a notion which covers the effects of technological progress on the nature of the work done and on the conditions under which it is performed, as well as on life outside the workplace. Everywhere the problems and the opportunities presented by technological change have prompted a search for appropriate means of meeting the needs and aspirations of all sections of the population for higher living standards, for more dignified living and working conditions and for more active participation in economic and social affairs; and everywhere there is the same problem of striking a balance between general and particular interests and of building for the future at the lowest possible human cost and with the widest possible measure of individual freedom in the present. In Western Europe the conclusion and entry into force of the European Convention on Human Rights and the European Social Charter constitute an important development in this connection; and in Eastern Europe the introduction of economic reforms has been accompanied by an increasing interest in the social and human factors involved in economic growth and development.

The reports before the Conference attempt to examine the chief problems of interest to the I.L.O. faced by European countries in this effort of social adaptation to change. The two technical reports [1] deal with problems and policies in two areas of crucial importance in reducing or compensating the human costs of change—manpower and income security. The present report has a more general aim: after examining the economic and social background against which technological change is taking place, it reviews the ways in which policies are evolving in three fields—incomes, working and living conditions, and labour relations—to meet the challenge of technological change and to construct a more "human" society.

There is, however, one important challenge to the European humanist tradition that I do not touch on in this report: that of assisting the developing countries in their efforts to modernise and to raise the standards of living of their populations. It is hardly necessary to stress the responsibility of the industrialised nations for narrowing the growing gap between rich and poor countries, and it can never be overemphasised that "poverty anywhere constitutes a danger to prosperity everywhere". The industrialised nations of Europe are playing their part in the great task of helping those that are economically more backward, while some European countries, such as Cyprus, Greece, Malta, Turkey and Yugoslavia, are receiving such assistance themselves. At present the growing indebtedness of developing countries is a source of serious concern for the industrialised nations, which are looking into the possibility of new forms of aid. Employers' and workers' organisations in certain European countries have also demonstrated their solidarity with the workers in developing countries by providing assistance in such fields as housing and workers' education. Co-operative organisations are also making available the fruits of their experience. There is now in fact a deep conviction among many sections of the European population, especially among young people, that Europe should greatly increase its assistance to the developing countries. This Conference can create the necessary awareness of the urgency of this problem and propose realistic means of translating that awareness into effective action.

The I.L.O. itself is not directly competent to deal with what is one of the main preoccupations of developing countries, namely to obtain non-discriminatory tariff preferences, without reciprocity, from the developed countries, although it can, and will if requested, assist the industrialised countries in making the necessary adjustments to accommodate the new trade flows that would result from such measures. However, it is endeavouring, with the active support of European nations, to provide the developing countries with as much technical co-operation as possible so as to enable them to build up a competitive modern economy. In this connection, I would mention particularly the useful role that can be played by the International Centre for Advanced Technical and Vocational Training in Turin as an instrument for aid to the developing countries and for co-operation among the industrialised countries. The Centre will, I am sure, prove an increasingly useful training and research institution which can help to bring about a more widespread dissemination of technological progress, of modern methods of management and their application in all countries. To continue effectively with its task, it will need the full support of all European governments.

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[1] Report II, " Manpower Aspects of Recent Economic Evolution "; Report III, " Income Security in the Light of Structural Changes ".

But if Europe is to be able to play a more effective role in aiding the developing countries, it needs to overcome its own internal problems, to meet the challenge of rapid change and to seize the opportunities that it presents. This report attempts to draw attention to some of these problems, in the hope that the Second European Regional Conference can point the way forward to their solution for the greater dignity and material welfare of workers in Europe and throughout the world.

CHAPTER I

RECENT ECONOMIC AND SOCIAL DEVELOPMENTS IN EUROPE

ECONOMIC TRENDS

Since the first European Regional Conference of the International Labour Organisation, the economic situation of the European member nations has changed dramatically. Economic progress based upon scientific and technological development has brought considerable increases in labour productivity and in production generally. This has resulted in substantial gains in standards of living for the great majority of Europeans. The structure of the economy of European countries has also changed markedly, with the most productive branches of industry enjoying the fastest rates of growth. Agricultural productivity has risen rapidly and services have played an increasing role in the national economies.

The market economies have advanced on the path of economic programming and planning. In the socialist economies far-reaching and fundamental changes have been made in economic policy; the process of economic experiments and reforms, the search for a new model of optimum combination of planning instruments with market forces, which was started in 1957, has characterised almost all socialist economies. During the period between the two Conferences economic co-operation among European countries has been greatly strengthened, and a certain improvement in the international political climate has made it possible to intensify economic relations between the market and centrally planned economies—a very encouraging development from which both parties will certainly benefit.

Economic Growth since 1950

In my report to the 1955 Conference, I commented that inclusion of data on economic growth in the United States—

> "should not be taken to imply that the economies of the more mature European countries could, even in the best of circumstances, have matched the rate of growth achieved in the United States, with its rich natural resources, enormous domestic market and rapid population growth. The figures do show,

TABLE I. AVERAGE ANNUAL RATES OF GROWTH OF NATIONAL PRODUCT IN EUROPE AND THE UNITED STATES, 1950-67

(Constant market prices ; per cent.)

Country	1950-60	1960-64	1964-67 [1]	1965	1966	1967 [1]
	Gross national product					
Austria	5.6	4.6	2.9	2.4	4.3	2.0
Belgium	3.0 [2]	5.3	2.8	3.5	2.7	2.0-2.5
Denmark	3.3	4.9	3.3	4.5	2.4	3.1
Finland	5.3 [2]	5.3	3.3	5.1	2.3	2.6
France	4.5	5.6	4.4	4.2	4.9	4.0
Germany (Fed. Rep.)	7.8	4.9	2.6	5.6	2.3	−0.1
Ireland	1.7	4.2	2.6	2.2	1.6	4.1
Italy	5.4 [2]	5.5	4.9	3.5	5.5	5.7
Netherlands	4.8	4.9	4.1	4.7	2.5	5.0
Norway	3.6	5.1	4.8	5.2	4.0	5.3
Sweden	3.3	5.5	3.4	3.7	3.1	3.3
Switzerland	4.4	5.5	2.9	4.3	2.8	1.7
United Kingdom	2.7	3.6	1.7	2.3	1.3	1.5
	Gross domestic product					
Greece	5.9	8.1	6.3	7.7	7.1	4.0
Portugal	4.3 [2]	6.2	5.1	7.1	2.8	5.5
Spain	4.3 [3]	9.7	6.3	7.1	8.2	3.7
Turkey	6.3	6.2	6.6	3.8	9.9	6.2
	Net material product			Gross material product		
Yugoslavia	8.5 [2]	8.7	4.1	3.4	8.6	0.3
	Net material product					
Bulgaria	9.1 [4]	6.6	9.1	7.1	11.1	9.0
Czechoslovakia	7.5	1.6	7.4	3.4	10.8	8.0
Eastern Germany	8.0 [5]	2.6	4.9	4.4	5.3	5.0
Hungary	6.5	5.3	5.5	1.1	8.4	7.0
Poland	7.6	5.9	6.7	7.0	7.2	6.0
Rumania	10.4	8.8	9.0	9.7	9.8	7.5
U.S.S.R.	10.2	6.4	7.0	6.9	7.5	6.7
	Gross national product					
United States	3.3	4.5	4.8	6.1	5.8	2.5

Sources: United Nations: *Yearbook of National Accounts Statistics, 1964* (New York, 1965) and ibid, 1966 (New York, 1967); *Economic Survey of Europe in 1967 : The European Economy in 1967* (New York, 1968); United States Government: *Economic Report of the President* (Washington, United States Government Printing Office, 1968).

[1] All 1967 data are provisional. [2] 1953-60. [3] 1954-60. [4] 1952-60. [5] 1955-60.

however, the extent to which economic growth in the United States has outstripped that of European countries. This presents a challenge to Europe.[1]

As table I shows, this challenge has been met successfully. The low rates of increase in national product which characterised European economies prior to the Second World War have been replaced by rates of economic growth matching or exceeding that of the United States. In actual amounts of output of goods and services produced per person European countries are still far below the United States, but relatively they have been gaining rapidly.

Percentage increases in national product per head between 1950 and 1965 are presented in table II for the major countries of Europe and the United States. The picture presented is heartening. Levels of living in Europe have been raised since 1950 by between 50 and 250 per cent.[2]

If the high rates of economic growth which have characterised European economies in the last two decades can be maintained, incomes and levels of living will rise to heights previously enjoyed only by a fortunate few. Even the relatively low growth rate of 3 per cent. a year (approximately the United States average rate of increase in total output from 1913 to 1960) results in an increase in product of over one-third in ten years and over one-half in 15 years. The O.E.C.D. objective for the 1960s of growth at 4.1 per cent. per annum implies a 50 per cent. gain for the decade. More ambitious targets, such as the current 6 per cent. goals of Greece, Portugal and Spain, would result, if attained, in an 80 per cent. increase in national product in ten years.

Among the industrialised countries of Western Europe, there have been several "cycles" in rates of economic growth since 1950. Starting from the high level of an 8.5 per cent. average increase in national product in that year, the growth rate for the industrialised countries dropped to an average of 2.5 per cent. in 1952, rose to 6 per cent. in 1955, then fell to 2 per cent. in 1958, but climbed back to 7 per cent. in 1960. Between 1960 and 1964 the annual increase in national product remained at a level of 4 to 5.5 per cent.[3] Since 1964, however, rates of

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[1] I.L.O.: *Report of the Director-General*, Report I, European Regional Conference, Geneva, 1955 (Geneva, 1954), pp. 7-8.

[2] The entire increase in national product in the various countries has not been available, of course, for immediate personal consumption. Shares of varying size have been directed into private and public investment, into education and social services, or to non-consumer uses such as armaments or repayment of foreign debts. However, the increase in productive capacity resulting from investment will ultimately enlarge the supply of goods and services for individuals, and expenditures on education, public services and facilities directly benefit individuals.

[3] *Economic Survey of Europe in 1967*, op. cit., Ch. I, pp. 38-39. Average weighted by relative size of national product.

TABLE II. INCREASE OF NATIONAL PRODUCT PER HEAD IN EUROPE AND THE UNITED STATES, 1950-65

(Per cent.)

Country	Annual rate of increase[1]			Total increase 1950-65 (estimated)[2]
	1950-60	1960-65	1950-65	
Austria	5.5	3.6	4.9	105
Belgium	2.5[3]	4.2	3.1	58
Bulgaria	8.1[4]	5.8	7.2	183
Czechoslovakia	6.6	1.3	4.8	102
Denmark	2.5	4.1	3.0	56
Finland	3.9[5]	4.7	4.3	88
France	3.6	3.7	3.6	70
Eastern Germany	8.8[6]	3.6	6.2	147
Germany (Fed. Rep.)	6.7	3.6	5.7	130
Greece	4.9	7.3	5.7	130
Hungary	5.7	4.1	5.2	114
Ireland	2.2	3.4	2.6	47
Italy	4.8[7]	4.4	4.7	99
Netherlands	3.4	3.6	3.5	68
Norway	2.6	4.7	3.3	63
Poland	5.6	5.2	5.5	123
Portugal	3.9[3]	5.4	4.5	94
Rumania	9.0	8.3	8.8	254
Sweden	2.6	4.3	3.2	60
Switzerland	3.0	3.0	3.0	56
Turkey	3.4	2.0	2.9	54
U.S.S.R.	8.3	4.8	7.1	180
United Kingdom	2.4	2.5	2.4	43
Yugoslavia	7.4[3]	7.4	7.4	192
United States	1.5	3.1	2.0	35

Source: *Yearbook of National Accounts Statistics, 1966*, op. cit.

[1] Gross domestic product divided by population in market economies; net material product divided by population in centrally planned economies and Yugoslavia; gross national product divided by population in United States.

[2] Increase over 15-year period at average annual rate of growth shown for 1950-65. For those countries where annual rate of growth is shown for less than 15 years this figure may overstate or understate the actual increase.

[3] 1953-60.

[4] 1952-60.

[5] 1954-60.

[6] 1955-60.

[7] 1951-60.

growth have fallen off sharply, as may be noted in table I. From a peak of 6 per cent. in 1964, the annual increase of output in the industrialised countries fell to 4 per cent. in 1965, to 3 per cent. in 1966 and then to 2 per cent. in 1967. While there was no actual decrease in the level of economic activity [1], one of the major consequences of slowing economic growth was a rise in unemployment in 1967. Various factors were responsible for this slowing down of economic expansion [2], including restraints imposed on demand through fiscal and credit policies in a number of countries to combat inflationary pressures and to improve the balance of payments. Another deterrent to expansion was a slackening of investment, both private and public, as a result of rising costs and the restraints on demand.

In these conditions manpower scarcity (a typical phenomenon for most developed European countries in the late 1950s and early 1960s) acts as an additional deterrent to investment and output, directly through limiting production and indirectly through contributing to the inflationary pressures which induced the adoption of policies of restraint. At times of high demand there are enough incentives to overcome this scarcity by introducing new capital-intensive methods and thus increasing production with the same amount of labour; when the pace of growth slackens, these incentives are lost. Measures to augment the supply of skilled manpower needed for economic expansion may, therefore, also aid in softening recession and unemployment [3], since the scarcity of properly trained manpower limits the pace of economic expansion and may thereby contribute to reducing future employment opportunities.

The less developed countries of southern Europe—Greece, Italy, Portugal, Spain, Turkey and Yugoslavia—have experienced higher rates of development than the more industrialised nations. The faster growth rate of the southern countries is due to two factors. First, absolute levels of output being low in these economies, even modest increases in production appear as relatively large gains in percentage terms. Second, the transformation of these economies from small-scale inefficient agricultural to diversified industrial activity is still at an early stage in which relative gains in output are large.

Output gains have also been high in the centrally planned economies, although here too the least industrialised countries have shown the highest rates of growth. Table I shows that two countries of the region—Czechoslovakia and Eastern Germany—experienced a serious slowing down in their economic growth in the period 1960-64, as did

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[1] Only the Federal Republic of Germany experienced an actual decline in national product—of about 0.1 per cent. in 1967—from which it has since recovered.

[2] For a detailed analysis see the annual *Economic Survey of Europe* prepared by the Secretariat of the Economic Commission for Europe, especially the reports for 1965 and 1967.

[3] See Report II to this Conference, in which measures for meeting manpower shortages are discussed.

Hungary in 1965. But they seem to be regaining comparatively high rates of economic expansion and in 1967 the annual increase in the net material product was between 5 per cent. for Eastern Germany and 9 per cent. for Bulgaria. Different statistical approaches to the estimate of the volume of national products in the countries with centrally planned economies and in market economies make it difficult to make any direct comparison in the levels of economic development between these two groups of countries.

Structural Change

Modern economic development based upon scientific and technological progress is impossible without continuous change in the structure of a nation's economy. New industries appear and expand in importance as contributors to the national product, while others decline relatively, or even absolutely, in significance. With these changes the occupational structure of employment likewise alters. Older occupations disappear, while new types of jobs open up. The expansion and decline of industries affect economic activity in particular regions and localities. Some areas suffer loss of jobs and of population, others enjoy the prosperity created by new or expanding local enterprises. Social and political changes of great variety and complexity ensue from these economic developments.

The I.L.O.'s principal concern with structural change relates to the effect such change has on employment. The two technical reports before the Conference deal in some detail with the two broad policy areas—manpower and income security—where action can and needs to be taken to facilitate the process of structural change at the lowest possible human cost. Here I shall only mention in very general terms the main characteristics of structural change as it affects the labour force.

The structural change involved in economic development tends to follow a similar pattern in all countries. Recent trends can be seen in table III.[1] In broad terms, it involves a movement of manpower out of agriculture into industry and services, accompanied by a high rate of investment in the industrial sector and subsequently in the service sector. Accompanying the shift of population out of agriculture there is a transfer of economic activity from the household to the market. Partly this results from the relative or actual decline of population in rural areas, which are the stronghold of family-centred economic activity. Primarily, however, it is the expansion of the supply of goods and services

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[1] The pattern appears even more clearly over a longer period. See, for example, I.L.O.: *Employment and Economic Growth*, Studies and Reports, New Series, No. 67 (Geneva, 1964), table IV, pp. 8-10.

TABLE III. INDUSTRIAL DISTRIBUTION OF THE LABOUR FORCE IN SELECTED EUROPEAN COUNTRIES AROUND 1950 AND 1960

(Per cent.)

Country	Year	Agriculture, forestry, hunting, fishing	Mining, quarrying	Manufacturing	Construction	Electricity, gas, water, etc.	Commerce	Transport, storage, communications	Services
Bulgaria	1956	64.1	15.9 [1]		2.8	—	3.4	3.2	9.8
	1965[2]	44.4	27.3		6.2	—	4.7	4.5	12.7
Finland	1950	46.0	0.3	20.7	6.2	0.5	8.1	5.4	11.4
	1960	35.5	0.3	21.6	8.7	0.9	11.6	6.3	14.8
France	1954	26.7	2.1	25.3	7.0	0.7	13.5	5.2	16.6
	1962	19.8	1.6	26.9	8.2	0.9	13.2	5.4	20.1
Germany (Fed. Rep.)	1950[3]	22.1	3.3	30.8	8.4	0.7	9.9	5.3	17.4
	1961[3]	13.4	2.8	36.4	8.6	0.8	13.4	5.6	18.9
Hungary	1949	52.8	1.8	19.1[4]	2.3	—	4.7	4.0	8.8
	1960	38.4	3.2	25.6[4]	6.2	—	6.7	6.1	10.4
Italy	1951	40.0	22.8		7.1	0.5	20.5[5]	3.8	—
	1961	28.2	0.7	26.5	11.6	0.6	24.7[5]	4.8	—
Netherlands	1947	19.3	1.3	24.0	7.0	1.0	14.1	6.2	20.4
	1960	10.7	1.5	29.9	9.7	1.1	16.2	6.9	23.5
Poland	1950	57.1[6]	18.8 [7]		4.2	—	5.2	3.8	10.2
	1960	47.7[6]	23.3 [7]		5.7	—	5.8	4.8	12.7
Spain	1950	48.9	1.6	17.6	5.3	0.5	6.5	3.9	14.1
	1960	41.3	1.7	21.9	7.1	0.7	7.8	4.6	13.9
Sweden	1950	20.3	0.5	31.6	7.9	0.9	13.0	8.1	17.0
	1960	13.8	0.7	34.2	9.1	1.1	13.5	7.5	19.8
Turkey	1955	77.3	0.5	6.0	1.6	0.1	2.8	1.6	4.1
	1965	71.8	0.6	6.9	2.6	0.2	3.0	2.1	5.9
United Kingdom . .	1951	5.3	3.7	37.3	6.3	1.6	14.0	7.6	23.6
	1961	3.8	2.9	34.8	6.7	1.6	15.6	6.9	24.4
Yugoslavia	1953	66.8	1.4	10.7	3.1	—	3.1	2.1	7.0
	1961	56.9	1.7	16.5	3.8	—	3.2	3.0	8.7

Source: I.L.O. *Year Book of Labour Statistics*, various dates.

Note: Activities not adequately described are excluded, except in the 1960 figure for " services " in Poland, which includes them.

[1] Includes electricity. [2] Data based on a 3 per cent. sample tabulation of the 1965 population census. [3] Data include Saar and West Berlin. [4] Includes electricity, gas, water, etc. [5] Includes services. [6] Excludes sea fishing. [7] Includes electricity and gas, and sea fishing.

offered in the market which causes the abandonment of household production.

The most prominent aspect of structural transformation shown in table III is the decrease in the proportion of the economically active population engaged in *agriculture*. While the bottom limit to the share of agriculture in total employment will no doubt vary from one country to another, European as well as American experience indicates that the limit is quite low, certainly far below the proportion of workers now engaged in farming in most countries of Europe.

The principal factor reducing the share of agriculture in employment has been the high rate of increase in productivity per worker due to the mechanisation of farm operations, the increasing use of fertilisers, and the introduction of a wide variety of new agricultural techniques. A secondary factor has been the growth of the food-processing industries which, using advanced mechanised methods, have taken over a part of the agricultural operations which used to be performed on the farm. Finally, food consumption, which increases less fast proportionately than incomes, has not kept pace with production per farm worker.

Mining has shown a relatively slow growth in terms of total production, and its share in economic activity has declined in most countries. This has been due to a continuing decrease in consumption of fuel and raw materials per unit of final product.[1] Two factors have been responsible, increased efficiency in the utilisation of fuels and materials, and the use of substitutes for the products of mining, such as petroleum in place of coal and plastics as a substitute for metals. Employment in mining is also being reduced by mechanisation and new techniques such as strip mining.

Although the percentage of workers engaged in *manufacturing* has increased somewhat in nearly all European countries, the growth of employment has been slight compared to the proportion of workers released from agriculture and absorbed into other sectors, particularly commerce and other services. This suggests that manufacturing is not likely to be a major source of new employment in the future, particularly in more developed economies.

The growth of manufacturing expands employment primarily by raising national income and thus increasing effective demand for goods and services produced in other sectors of the economy. Concurrently, the expansion of manufactures leads to increases in employment in transport, commerce and other activities necessary to the production and distribution of manufactured products.[1]

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[1] Between 1938 and 1954 total production of commodities in the developed countries increased by 77 per cent., while consumption of raw materials by industry increased by only 33 per cent. See G.A.T.T.: *Trends in International Trade* (Geneva, 1958), p. 40. Although more recent summary figures are not available, evidence indicates that the input of raw materials per unit of value added in manufacturing has continued to decrease. See idem: *International Trade 1966* (Geneva, 1967), pp. 42-44.

Construction has steadily increased tis share of the labour force to between 6 and 9 per cent. in the developed countries and will undoubtedly continue to grow in importance. This is due to extremely slow progress in the improvement of building techniques and the continuous expansion of demand. Industrial development requires construction—factories, warehouses, offices and other structures. Population growth requires more living accommodation, but perhaps even more important is the demand for higher quality housing as aspirations and incomes rise. Finally, the needs of the public sector for school buildings, recreation centres, hospitals, public office buildings, highways and other facilities constitute a major source of demand for construction. The need for urban renewal is acute in Europe and will actively engage the construction industry for many years.

Transportation is a declining, rather than growing, sector of employment in the most advanced economies of the region for a variety of reasons. Technological progress in this field has proceeded at a rapid pace and has resulted in a fast rate of increase in man-hours output. At the same time, transportation has suffered important losses in two markets—fuels and raw materials, for reasons noted earlier, and passengers as a result of the growth in ownership of private automobiles.

Communications, on the other hand, constitute an economic area in which demand is increasing more rapidly than gains in productivity despite the remarkable advances in recent years in communications technology. Taken together, therefore, transport and communications still represent a growing sector of employment in most European countries.

Commerce and the related financial fields of banking, insurance and real estate have experienced sizable growth over the past 50 years. Commerce and banking must expand with industrial growth, of course, to accommodate the greater volume and variety of marketing and financial transactions accompanying a growing national product. Insurance has expanded as an industry, partly for the same reason, but primarily because of rising personal wealth and income. As wealth increases, the individual has more property to insure and can increasingly afford insurance, not only of property but against other risks—death, injury, sickness, unemployment—where these are not covered by national social security schemes. Expansion of real estate activity is a natural accompaniment of the steady growth of construction activity.

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[1] See Walter GALENSON: "Economic Development and the Sectoral Expansion of Employment ", in I.L.O.: *International Labour Review*, Vol. LXXXVII, No. 6, June 1963, pp. 505-519.

Supermarkets and other self-service methods of merchandising, computers and other techniques of "office automation" may serve in many countries to limit the further expansion of employment opportunities in commerce and finance. Many small retail shops, for example, are disappearing in Britain, France and other countries, while through the use of computers banks and insurance firms are handling an increasing volume of transactions with little expansion of staff. In the less developed European countries, however, and in the socialist nations which are now expanding their production of consumer goods, it is likely that commerce will absorb an increasing share of the economically active population for some years to come.

The so-called *services* sector embraces an almost limitless variety of economic activities—health care, education, governmental agencies, entertainment, recreation, the many occupations connected with the expanding tourist industry and domestic and personal services. If the classification has meaning other than as an umbrella for miscellaneous activities, it lies in the fact that production of these varied services is primarily dependent upon human effort and ability.

Consequently, the performance of services contrasts markedly with that of others sectors in the process of economic development. In only a limited part—primarily domestic and personal services—is there a lasting tendency towards diminishing employment. In most of the services employment is increasing, particularly in the area of education and health, since mechanisation does not lead to a reduction in the numbers employed in such occupations.

Will the pace of these changes be maintained or will it, at some point, slacken or even stop? This is a question to which there is no answer. The world is poised, at the present time, on the threshold of a scientific and technical revolution the dimensions and future course of which cannot be foreseen. Its impact on techniques of production and other aspects of economic activity, however, will unquestionably be profound. It is most likely, therefore, that changes in the economic structure will continue, perhaps at an even faster pace than currently with an inevitable redistribution of the labour force between the main sectors of the economy and within the sectors themselves. The problem will be discussed at length in the technical reports. Here I would only stress that, although the total number of jobs in Europe has increased considerably during the period since 1955, structural change can result in very serious problems for individual workers or groups of workers and for employers as well. Protection is required for workers affected by change and employers need the assistance of training and retraining programmes to secure the manpower needed for new occupations.

Productivity

Increased productivity is crucial to the growth of national output, especially in view of the slow gains to be expected in manpower supply. Fortunately, advances in productivity, defined as increases in output per worker or per man-hour, have been rapid in post-war Europe compared with pre-war years or with the trend in the United States. Table IV shows the average annual increase in output per man-hour in several European countries and the United States. Only Denmark, Norway, and Sweden matched the United States rate of productivity increase before the Second World War. After 1950, however, all the countries listed, except the United Kingdom, had faster increases than the United States.

TABLE IV. AVERAGE ANNUAL INCREASE IN OUTPUT PER MAN-HOUR IN SEVERAL EUROPEAN COUNTRIES AND THE UNITED STATES, 1870-1960

(Per cent.)

Country	1870-1913	1913-50	1950-60
Belgium	2.0	1.4	2.5
Denmark	2.6	1.5	2.9
France	1.8	1.6	3.9
Germany (Fed. Rep.)	2.1[1]	0.9	6.0
Italy	1.2	1.9	4.1
Netherlands	1.1[2]	1.1	3.7
Norway	1.8[1]	2.4	3.9
Sweden	2.7	2.0	3.5
Switzerland	1.6[3]	1.9	4.2
United Kingdom	1.5	1.7	2.0
United States	2.4[1]	2.4	2.4

Source: Angus Maddison: *Economic Growth in the West* (London: Allen and Unwin, 1967), p. 37.

[1] 1871-1913.

[2] 1900-13.

[3] 1890-1913.

The extent of reliance on gains in output per worker to raise the national product in the market economies is clearly shown by table V, which gives annual rates of increase in domestic product, employment,

TABLE V. INCREASE IN DOMESTIC PRODUCT, EMPLOYMENT AND OUTPUT PER MAN, ACTUAL AND PROJECTED, IN SEVERAL MARKET ECONOMIES

(Per cent.)

Country	Period	Annual rate of increase		
		Gross domestic product	Employment	Output per man
Belgium	1953-65	3.7	0.6	3.1
	1966-70	4.0	0.8	3.2
France	1953-65	5.0	0.3	4.7
	1966-70	4.8	0.7	4.1
Germany (Fed. Rep.)	1952-65	6.2	1.6	4.5
	1966-70	3.5	—	3.5
Greece	1952-66[1]	6.0	0.8	5.2
	1968-73	8.4	1.0	7.1
Italy	1952-65	5.4	1.1	4.3
	1966-70	5.0	0.8	4.1
Portugal	1953-66[2]	5.0	0.2	4.8
	1968-73	7.1	0.5	6.6
United Kingdom . .	1952-64	2.7	0.6	2.1
	1965-70	3.8	0.5	3.2

Source: *Economic Survey of Europe in 1967*, op. cit., Ch. I, table 20, pp. 62-63.

[1] 1951-65 for employment.

[2] 1950-67 for employment.

and labour productivity from the early 1950s to the middle of the present decade and projections to 1970. Regardless of the rate of employment increase, the largest part of the gain in domestic product was due to an increase in output per worker.[1] The national projections also, it will be noted, rely mainly on increased productivity for the expected increments in domestic product. A similar situation is anticipated in the centrally planned economies, for which data on industrial production are presented in table VI. The current plans for economic development of the socialist countries of Europe attach increasing importance to the productivity of labour as a main source of industrial development. In Bulgaria,

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[1] Increases in labour productivity tend to be positively associated with increases in labour supply, however. This association can be seen in table V. Cf. United Nations: *Some Factors in Economic Growth in Europe during the 1950s* (Geneva, 1964), Ch. II, pp. 38-39.

TABLE VI. ACTUAL AND PROJECTED GROWTH OF INDUSTRIAL OUTPUT, EMPLOYMENT AND PRODUCTIVITY IN SIX CENTRALLY PLANNED ECONOMIES, 1950-80

(Per cent.)

Country	Period	Annual rate of growth		
		Global output of industry	Employment	Output per worker
Bulgaria	1949-53	19.5	10.0	8.6
	1953-57	12.7	6.9	5.4
	1958-60	16.2	11.0	4.7
	1961-65	11.7	5.6	5.8
	1961-80	10.1	2.6	7.3
Czechoslovakia . . .	1949-53	14.1	4.1	9.6
	1956-60	10.7	3.4	7.1
	1960-65	5.2	1.9	3.2
	1960-80	8.4	0.7	7.6
Hungary	1950-54	20.1	9.2	10.0
	1956-60	7.4	3.2	4.1
	1961-65	7.7	2.3	5.3
	1960-80	8.5	1.4	7.0
Poland	1950-55	19.0	8.3	9.9
	1956-60	8.7	2.1	6.5
	1961-65	8.6	4.1	4.3
	1960-80	8.9	2.7	6.0
Rumania	1951-55	16.5	5.9	10.0
	1956-60	10.9	3.2	7.5
	1960-65	14.1	5.8	7.8
U.S.S.R.	1951-55	13.1	4.2	8.5
	1956-60	10.4	5.1	5.0
	1959-65	9.1	4.5	4.4
	1960-80	9.7	2.1	7.4

Sources: United Nations: *Economic Survey of Europe in 1965*, Part 2: *Incomes in Postwar Europe: A Study of Policies, Growth and Distribution* (Geneva, 1967), Ch. 7, p. 11, table 7.4; *Economic Survey of Europe in 1961*, Part 1: *The European Economy in 1961* (New York, 1962), Ch. II, pp. 48-58; *Economic Survey of Europe in 1962*, Part 1: *The European Economy in 1962* (New York, 1963), Ch. I, pp. 50-57.

for instance, the share of productivity in the over-all increase in industrial production is expected to be 70 per cent. (64 per cent. in 1964-65), and in Hungary 80 per cent. (58 per cent. in 1964).

Since gains in productivity are mainly the result of scientific and technical progress, they are hardly possible without investment in human beings (i.e. investments in education, vocational training, health services, and other functions which improve the knowledge and capacity of the individual), which is the source of scientific and technological progress. Investment in the education and personal and social development of human beings advances knowledge by increasing the numbers not only of scientific and applied research workers but also of persons, whatever their occupations, capable of devising new products, services and techniques; it enlarges the supply of managers interested in and able to innovate in methods of organisation and production. Finally, it develops the abilities and skills of workers, making them more efficient producers and enabling them to assume more sophisticated and difficult tasks.

A second major source of productivity advance lies in the improved allocation of productive resources, of which the most important aspect is the withdrawal of persons from economic activity in which their time and abilities are underutilised and their economic contribution is low compared with what it might be in other employment. As is pointed out in Report II, the withdrawal of workers from agriculture and other forms of self-employment where the value of output is low, on the one hand, and the expansion of employment in industry and services where product value is higher, on the other, have been a significant source of economic gain.

The removal of barriers to international trade over the past 20 years has also contributed to the improved use of resources by permitting nations to increase the export of goods and services which they are best equipped to provide.

Another major source of productivity improvement has been the expanding size of markets, which has encouraged the mass production of standardised commodities at comparatively low costs. This expansion may be attributed to two main factors. The first and by far the most important is the steady rise of incomes in Europe. As incomes have increased in post-war Europe, spending on automobiles, household durables and other products has expanded and this expanding demand has forced up the level of investments, since businessmen are now assured of markets and are consequently willing to invest on a scale which they would not attempt under conditions of erratically fluctuating demand, as was the case before the Second World War. The second factor has been the integration of the national markets in a number of countries, which has brought about a more rational international division of labour.

Economic Integration

When the first European Regional Conference met in 1955, the first steps had been taken towards closer economic co-operation among European countries. Since then co-operative effort has made significant progress among both the market and centrally planned economies, and hope exists for the development of valuable East-West trade relations.

Among the market economies there is currently a wide variety of institutions for economic co-operation. By far the greatest strides have been made in the lowering of trade barriers and in the development of international payments arrangements. The establishment of the European Economic Community and of the European Free Trade Association are historic achievements pointing the way to a new era in international economic and political relations. The economic activities of the market economies, however, are still very far from being fully integrated. Western Europe is divided into two blocs, and some countries belong to neither. There is, of course, considerable movement of labour from the countries of southern Europe to the north, but free movement of enterprise and labour is at present possible only among the six member countries of the European Communities, and as far as labour is concerned among Scandinavian countries.

Nonetheless, advantage is being taken of the opportunity afforded by the Common Market for international business operations, which may be classified in four main categories: *(a)* technological arrangements extending from an exchange of expertise to joint research and development projects; *(b)* specialisation arrangements concerning either deliveries or production of specified items; *(c)* deliveries of machinery and equipment or entire plants combined with the provision of expertise by the selling enterprise; and *(d)* marketing arrangements providing for the use by one enterprise of the sales and service facilities of another enterprise, or for the establishment of a joint network.[1]

These operations are utilised in both market and socialist economies, as well as in relations between them, though the actual methods of implementation may differ substantially. Direct foreign investments are more typical for the market economies. From 1959 to 1966 inclusive, nearly 2,500 investments were made by business firms outside their own countries in the Common Market, and some three-fifths of these investments involved firms from countries outside the Six of the Common Market, a large proportion of these being American companies.[2]

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[1] *Economic Survey of Europe in 1967*, op. cit., Ch. II, pp. 79-80.

[2] For a further analysis see the reports and discussion in *Droit social*, Feb. 1968. American investment in Europe is examined by J. J. SERVAN-SCHREIBER in *Le défi américain* (Paris, Editions Denoël, 1967).

Information on the extent to which enterprises in Europe are increasing in size is sparse, but if the emergence of larger firms is proceeding at the rate indicated by data concerning the Common Market and by other developments, such as the merger movement in the United Kingdom, it will raise issues of concern to the I.L.O. Employer-employee relations are profoundly affected as the size of the enterprise increases. The "international" firm, with operations in two or several countries, presents, of course, issues of particular concern to the I.L.O. International co-operation on these and other issues resulting from the growth of international enterprises will become increasingly necessary.

These and many other problems can be resolved only in the context of international co-operation. Further progress in building "one Europe" will be of great importance for the workers of Europe and for the I.L.O. The Office stands ready to provide all help within its power to European member States, in consultation with the European organisations concerned, in dealing with the labour and social problems of closer European economic co-operation.

In Eastern Europe too, since 1955, and particularly since 1960 when the Statutes of the Council for Mutual Economic Assistance (C.M.E.A.) [1] were adopted, substantial innovations and new forms of economic, technical and scientific co-operation have been introduced.

The characteristic general feature of this co-operation is its planned character based on the co-ordination of long-term programmes (covering five to 20 years) of economic development. The co-ordination of economic plans is assured in two ways: bilateral consultations between the planning commissions of the C.M.E.A. countries and multilateral consultations in different organs of the C.M.E.A. Recently the Executive Committee considered the programme for the co-ordination of development in the period 1971-75. This programme will cover the most important economic sectors of the member countries.

In addition to the co-ordination of economic plans the C.M.E.A. stimulates the integration process: first, by promoting international specialisation of production, which not only contributes to the wider utilisation of advanced technology and experience but also plays an important role in the reduction of costs, the raising of productivity and the improvement of quality and technical standards; secondly, by co-ordinating scientific and technical research—a question which has recently figured very prominently in C.M.E.A. activities; and thirdly, by long-term trade agreements.

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[1] Also often abbreviated as COMECON.

The development of new forms of industrial co-operation among C.M.E.A. countries and between East and West is one of the most characteristic economic phenomena of the past decade. The aim of such co-operation is to promote technical progress, the optimum utilisation of advanced technology, and the dissemination of the best industrial experience. This is achieved mainly by undertaking joint economic, technical and above all production activities. Important benefits can be derived from industrial co-operation between Eastern and Western European enterprises. In particular, such co-operation results in technical and technological benefits for Eastern European enterprises and an expansion of marketing opportunities for Western firms. Since October 1966 some 17 intergovernmental agreements have been concluded on scientific, industrial and technical co-operation.[1] These agreements envisage the establishment of joint committees; the organisation of technical exhibitions and fairs; the exchange of licences, patents and expertise; arrangements for joint study and research; the exchange of research personnel, etc. [2]

Economic Planning

In market economies the maintenance of a high level of demand has been a major objective and achievement of economic policy in Europe over the past two decades. Although there is wide variation among the market economies in the degree and nature of economic intervention by governments, political leaders in all countries recognise the need for governments, through fiscal and monetary action, to endeavour to maintain economic activity at a "full employment" level. Despite differing interpretations of the concept of full employment, there is agreement that it implies as complete a use of human and capital resources as possible without so straining productive capacity that serious inflation and adverse trade balances result. Full employment, domestic price stability and balance-of-payments equilibrium constitute three of the basic objectives of economic policy for all countries. To these should be added two others: a high rate of growth of national income and reduction of income differentials between social groups and/or geographical areas.

In several market economies these objectives and means for their implementation are incorporated in economic plans designed as guides for action by public authorities and private enterprises. At present, 12 market-economy countries have established general economic plans. None of these plans is mandatory in character, and each differs in the extent to which it represents a firm expression of government policy.

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[1] Bilateral agreements of this type were concluded by Italy with Bulgaria and Rumania; by France with Hungary; by Denmark with Bulgaria; by Switzerland with Poland; by Benelux with Hungary; by the Netherlands with Poland; by the Federal Republic of Germany with Rumania; and by the United Kingdom with Hungary, Poland, Rumania and the U.S.S.R.

[2] *Economic Survey of Europe in 1967*, op. cit., Ch. II, p. 80.

Underlying this interest in economic planning in the market economies are several factors. One is recognition, as already mentioned, of the need for a more active role by governments if a high level of economic activity is to be maintained. A second is the growing preoccupation on the part of leaders of government, business and labour with the need for defining the long-term objectives of the economy and instituting the proper policies to ensure their accomplishment. Increasingly, there is recognition that the market mechanism by itself fails to provide adequate guidance for long-term investment decisions in such critical areas as education, regional development, social and welfare services, urban growth, transportation, and so on. A third factor fostering interest in planning is the increasing awareness of the interdependence of various aspects of economic activity, particularly the impact of government programmes upon the economy when public spending constitutes 20 to 30 per cent. of gross national expenditure.

As for the socialist countries, during the first phase of planned development (1945-55) they applied uniform systems of planning and management. In this period the main objectives were the rebuilding and reconversion of the national economy and rapid development of material resources. In order to achieve the highest possible rate of growth, the limited resources were concentrated on key investment projects. The system of economic planning was highly centralised and the autonomy of industrial enterprises was substantially limited. For each industrial enterprise certain production targets were defined by the central planning authorities. Marketing considerations, prices and certain qualitative indices played only a secondary role. Since 1955, and particularly since 1960, the socialist economies have reached a higher level of production, investment capacity and standard of living, and this has been accompanied by substantial changes in their structure. The demand for consumer goods has become more selective as regards both price and quality. In these new conditions the fulfilment of quantitative targets alone has become obsolete. All these factors served as economic motives for experiments and reforms in planning, incentives and management.

The economic reforms carried out recently in almost all socialist countries include: *(a)* decentralisation of economic decisions and management, a substantial increase in the autonomy of the enterprise, and a limitation of the number of centrally planned targets; *(b)* changes in the character of the directives issued by central planning authorities (in the list of targets the "gross production index" has been replaced by an index of the volume of goods actually sold and/or by profit, profitability, etc.); *(c)* introduction of a new pattern of relations between market prices, central planning strategies and local initiative, and modification of the incentives systems at the level of the undertaking. The problem of finding the best possible combination of market and plan, prices, and central directives, is still being intensively studied in Eastern European economies.

Simultaneously with the economic reforms, many changes have been introduced in the social and human spheres. In particular, recent years have witnessed a significant increase in the role of workers' organisations at the level of the undertaking, while the system of workers' participation in management has been made more democratic and accessible.[1]

Regional Development

An aspect of economic development of concern to virtually every country is unbalanced growth in different geographical regions. While certain areas are experiencing stagnation, slow growth or even a decline in economic activity, others are expanding so rapidly that they are confronted by transportation congestion, housing shortages, inadequate water supplies, crowded schools and hospitals, and similar difficulties. Lack of employment, low incomes, and failure to share the benefits of economic and social progress characterise backward or depressed regions, while the heavy personal and social costs of congestion sharply reduce the net gains from the growth of overdeveloped areas.

Regions whose economic development is sluggish or virtually nonexistent may be in this position for one of two basic reasons: they may be handicapped by poor economic endowment (so-called underdeveloped regions) or their economic situation may have deteriorated because of failure to adapt successfully to changing conditions (depressed areas).

Areas may be underdeveloped, in the sense that levels of living and rates of economic and social advance are lower than elsewhere, for a variety of reasons—geographical remoteness (northern Scandinavia), topography unsuited to easy transportation (the alpine districts), harsh climate (the arctic area of the U.S.S.R.), poor soil, lack of water (central France and southern Italy), and so forth. Often, of course, an area suffers from not one but several such handicaps.

In many instances, however, the reason for the absence of progress is historical and social rather than physical. Because, for whatever reason, urban centres and industry did not develop in an area, it has remained dependent upon agriculture, and the elements necessary for economic progress have been lacking. Educational opportunity has been minimal, social attitudes have been conservative, business enterprise has been sparse and marginal, etc. In such circumstances the entrepreneurial initiative, financial resources, economic, physical and social infrastructure and trained workers required for the emergence of new economic activity are not present.

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[1] Statement by Mr. Polyakov, Employers' delegate, U.S.S.R., at the International Labour Conference, 52nd Session, Geneva, 1968: *Provisional Record*, No. 16, p. 236.

Depressed areas are differentiated from underdeveloped regions by the fact that their current difficulties are due to the decline of the industries upon which they have been chiefly dependent. Rising costs and reduced markets have shrunk coal production in the Saar region, in the Nord and Pas-de-Calais départements of France and elsewhere. International competition has affected shipbuilding in Scotland and in various parts of France and Italy, and textiles and ceramics in Upper Franconia in the Federal Republic of Germany.

It is not desirable to push the distinction between underdeveloped and depressed districts too far, of course, for a number of areas in the latter category are in trouble because they have failed to develop a sufficiently broad economic base and hence are partially underdeveloped. It may be easier, however, to improve the situation of depressed areas than of underdeveloped regions because the infrastructure, social capital, fixed productive capital and skilled labour already exist in such areas.

Regional programmes have the dual major objective of accelerating the growth of underdeveloped or depressed regions and of reducing population pressure and the concentration of industry in congested areas. Underlying these objectives are social aims. These include the desire to eliminate the unemployment and underemployment which reduce living standards and impair human dignity in underdeveloped and depressed areas; to raise incomes in these areas and achieve better balance in income distribution throughout the country; to create opportunities, through the provision of educational opportunities, the improvement of health and other measures, for all members of the community to develop their potentialities to the full; to achieve a politically and socially desirable balance in the distribution of population over the entire country: to distribute urban areas—the centres of modernisation and progress—throughout the nation; to promote national integration by strengthening regions economically and socially, thus satisfying natural regional aspirations for progress and strength, while minimising interregional disparities and the jealousies and conflicts which they cause.

Long-term regional economic plans are now considered in many countries as an integral part of economic growth programmes. This is true not only in the centrally planned economies and the less developed nations of southern Europe but in some of the highly developed market economies as well. The most advanced national programming for regions is practised in those countries where economic programming is more developed, as in the Soviet Union or in France. Integrated regional planning on a national basis is, however, a relatively recent development and not yet fully applied in any country. For the most part, the problems of depressed areas have been approached, until recently, on an ad hoc basis. Investment funds, public projects and other measures and aid have been provided to particular areas. While the needs of individual areas differ and special programmes are necessary to meet specific problems, there is little assurance that unco-ordinated programmes will actually achieve the goal of national balance. Co-ordination is all the more necessary since various kinds of measures can be taken to meet regional problems. Instruments for accelerating growth include, *inter alia*, measures concerned with migration and labour mobility; public investment in the economic and social infrastructure; policies for increasing agricultural productivity; and devices for promoting industrialisation.[1]

HUMAN PROBLEMS AND SOCIAL POLICY-MAKING

The degree of industrialisation and the rates of economic growth attained by most European countries in recent years provide tremendous opportunities for improving living conditions. And indeed, as will be seen in the following chapters of this report, great strides have been made in raising living standards throughout Europe in the past two decades. Nevertheless, as resources increase, so do the claims made upon them. The substantial gains achieved in over-all economic prosperity in Europe have raised popular expectations and have made it possible for many of these expectations to be met. All this, however, calls for a new approach to social policy which would not be possible in countries at lower levels of development. European governments are now faced with the task, not so much of finding the resources to deal with the most pressing social problems, but rather of allocating the immense resources at their disposal in a way that corresponds to the growing needs and aspirations for a certain way of life of the population as a whole. To do this they have to identify these needs and aspirations which are often only incoherently and indirectly expressed. They have to weigh the competing claims of individuals and groups, of immediate and long-term interests.

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[1] Some of the measures affecting manpower are discussed in more detail in Reports II and III.

And this in turn means that the social sciences will have an increasing role to play in the formulation of national policy.

Manpower policies, for example, will have to be increasingly directed not only at creating employment opportunities for all, but also at providing each worker with a job which corresponds to the education he has received and which affords full scope for his particular aptitudes and an opportunity for occupational and hence social advancement. The closely linked issue of democratisation, in education as well as in economic and social life in general, has become very topical, partly because it is not possible to meet the growing requirements of modern economies for increasingly skilled labour unless the area of recruitment is greatly expanded. A reserve of persons who would be perfectly capable of making good use of more advanced general and vocational education is in fact to be found at all levels of society, and in some countries the main need is now seen to be a redirection of educational and vocational training facilities in favour of the underprivileged.

Similarly, policies concerning incomes will need to have more regard to the actual needs of human beings, whether as individuals or as members of particular sections of society. An initial need, of course, is for some degree of income security; but looking beyond the guarantee of a minimum income in certain socially recognised contingencies, one can see a need for the granting by society of "compensatory incomes" which would provide more comprehensive, adequate and selective protection. In some respects, social security schemes would already seem to be evolving along such lines. Another objective is to achieve a redistribution of all incomes in accordance with the principles of equity and social justice. Many European States have made this their proclaimed objective, and pursue it with varying degrees of determination and success by a variety of means ranging from investment and employment policy to a combination of wage policy, social security and taxation.

On the whole, there is already a deeper concern with the problems of sections of the community subject to severe mental stresses, though often shielded from destitution by social assistance or social security in contemporary European societies. The persons concerned may be the aged, members of large families with no breadwinner, unmarried mothers, social deviants of all kinds, rootless peasants or foreign immigrants. Many European countries are now beginning to respond to these problems, for example by developing social assistance, putting social services on a more professional footing and improving the status of social work. In addition, research is being conducted on "the sub-culture of poverty", or the outlook of the poor. This research has already shown how far one must probe if one wishes to cancel out the effects of deprivations of all kinds, since deprivation can make those who suffer or have suffered from it psychologically incapable of seizing the opportunities they are given to better themselves. This can indeed completely undermine any effort made to assist them.

Another issue which may well revolutionise ways of life in Europe, and which is now arousing great interest in most countries, is the use which should be made of the time saved as a result of technological progress. Different uses of such time have different implications. If it is used to work for the improvement of welfare, health, cultural or sports facilities, it can serve to strengthen the ties of solidarity among members of the community by improving the conditions of the underprivileged and the health and education of all. If the time saved is used to make work more human, by moderating the pace of work or by providing more rest periods; or if it is channelled into vocational education or training, or into participation in the affairs of the undertaking or the trade union, then work is to some extent being restored to a central place in the individual's life. Or if it is used to increase the time available for leisure, for relaxation or recuperation, the implications may differ very greatly according to whether the recreational activities in which the individual engages are organised (and, if so, which) or whether he is left to his own devices and regards leisure mainly as a refuge from work, as is often the case.

It is important to realise that life at work and outside it are increasingly interwoven, and that a good deal of thought therefore needs to be given to appropriate policies for the utilisation of leisure time. Leisure can contribute to the development of the individual's occupational ability. It can also help to develop his personality, and this will also be reflected in higher productivity and better industrial relations. It is therefore not surprising that more attention is now beginning to be devoted in many countries to the extension of employment and training in the occupations connected with the organisation of leisure-time activities, and to the regulation and improvement of conditions in those occupations.

A society corresponding more closely to growing human needs will also have to be based on new forms of relationship among its members. It will be necessary to encourage as many as possible to assume responsibilities and to take initiatives; to enable them all to express themselves freely and to provide them with appropriate information and communication media; and to facilitate their participation in all aspects of public affairs, which is a necessary antidote to the growing impersonality of social organisation in an industrial civilisation. This is a controversial question which has many interesting aspects and far-reaching implications. For example, research on ways of giving the worker more scope and of increasing his commitment to his fellow-workers, to his work, and to the undertaking that employs him is sometimes carried out in the hope that such research may help to deal not only with production problems or the institutional problems of industrial relations but also with the wider human problems of alienation from work.

These issues are at present the subject of much research in Europe, although often purely prospective research which has seldom been translated into policy.[1] Nevertheless, attempts are already being made to take the human factor and probable psychological effects into account when reaching decisions on social policy, sometimes in conjunction with cost-benefit analyses, particularly in such fields as migration of workers, housing or assistance to the handicapped. An increasing number of studies and surveys are also being carried out into the factors making for job satisfaction or lack of satisfaction, the motivations underlying choice of occupations and mobility of labour, attitudes to remuneration, family budgets and the way people allocate their time.[2] Some of these surveys are of international scope and provide interesting evidence of the underlying similarity of the reactions and ways of life of people in, *inter alia*, the same occupational and social groups in different countries.

However, a great difficulty to be overcome, even in highly industrialised countries, is the very rudimentary state of existing knowledge of economic and social realities. This can be illustrated by an example of direct interest to the I.L.O. Although great efforts have been made, and the I.L.O. has contributed to such efforts in no small measure, to improve our knowledge of the cost of social security and its role in the national economy, it recently had to be recognised that many European countries still lacked the full range of statistics required for an accurate assessment of the combined incidence of taxes and social benefits on households of different income levels and composition.[3] In the field of remuneration there are certain sectors, such as non-wage earnings and remuneration in many service occupations, of which our knowledge is very slight. The same applies to the distribution of earnings: it is generally not possible on the basis of the available figures to determine exactly how many workers have low incomes and where they are employed.

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[1] See, for instance, the relevant publications of the O.E.C.D., in particular: *The Social Sciences and the Policies of Governments* (Paris, 1966).

[2] See "Recherche comparative internationale sur les budgets-temps", in *Etudes et conjoncture* (Paris), No. 9, Sep. 1966.

[3] *Incomes in Postwar Europe*, op. cit., Ch. 1, p. 14.

Similar problems exist with regard to certain aspects of vocational training. In particular, information on the direct and indirect costs of different training systems is generally inadequate so that it is difficult to plan an optimum allocation of resources in the vocational training field. Moreover, decisions on these questions have to be taken without regard to their social and human implications, which ought to be accurately known if progress is to be made towards social and individual betterment. In particular, there are no comprehensive statistical surveys of the inability, which is nevertheless well known, of children from working-class or peasant families to derive full benefit from systems of education and vocational training that are intended to ensure equality of opportunity. Information on the actual situation in other fields of interest to the I.L.O. is often just as sparse and inadequate.

On the whole, existing knowledge of the behavioural factors which must be taken into consideration if realistic decisions are to be made leaves a great deal to be desired. Yet the social sciences can make a valuable contribution to meeting practical needs in business and in government. It is recognised, for example, that planning must be based on a knowledge of patterns of behaviour determined by class origins, political antecedents and the particular culture of the society concerned, and that the support a plan receives and the reactions to which it gives rise cannot be anticipated without such knowledge. In some countries, such as the Netherlands, Norway, Poland, Sweden and Yugoslavia, social research is increasingly regarded as a necessary aspect of social development and often underlies the decision-making process. In Yugoslavia it played a great part in helping to develop the system of workers' management throughout industry, commerce and local administration. In Poland intensive research has been carried out in the field of workers' participation in planning and management at the level of the undertaking. In that country there is even talk of "an explosion" of research into social aspects of industrialisation. In most of the countries of Eastern Europe there has in fact been a notable expansion of research in the fields of industrial sociology and psychology over the last few years. Some of this research is connected with labour turnover and attitudes towards work, both of which are of increasing importance in view of the new policies concerning manpower and incentives. The appointment of sociologists to production units and the agreements concluded between the trade unions and sociological bodies in certain countries bear witness to the growing recognition of the practical value of sociological research.

The usefulness of the social sciences may become even more apparent now that they have moved beyond the description of social phenomena to the explanation of them, and that modern data-processing techniques have put new tools at the disposal of social scientists. The practical value of work in industrial sociology has tended to increase over the last few years, particularly with the increasing number of studies on the workers' reaction to change. However, it has not yet been possible to reach conclusions of immediate practical value for administrators and managers, the reason being that many of the studies themselves show that, in order to influence the workers' attitudes, their entire economic and social position would have to be altered and that they themselves regard any particular change not as an isolated event but as a reflection of the entire economic and social system in which it takes place.[1] In order that sociological research should have an effective impact on programmes and policies, it would in any case be highly desirable that such research should be supplemented by consultation of the individuals and groups directly concerned.

Much can also be learnt from current research in the field of rural sociology about the improvement of living and working conditions in rural areas, both in the Mediterranean countries and in the more industrialised countries of Europe. The Office is closely associated with the activities of the working party on rural sociological problems which was set up after the European conference on rural life held in 1957 under the joint auspices of the Food and Agriculture Organisation and the I.L.O. The working party has dealt with the adjustment of agricultural structures to the requirements of technological change: the I.L.O. has in particular carried out research on rural-urban migration and has helped to sponsor a survey of the social implications of industrialisation in rural areas which is being carried out by the European Society for Rural Sociology.

The increasing role of the social sciences may eventually lead to the inclusion of human and social objectives in planning or, more generally, to the undertaking of genuine social planning. The need for such planning is coming to be recognised everywhere in Europe, especially in connection with programmes for regional development. But there are many difficulties to be overcome before this becomes a reality. It is often still impossible, for example, to identify certain particularly urgent social needs, for the simple reason that they have never been met in the past and there are therefore no records to start from; or to measure subjective needs, which are in some cases of decisive importance. There is a lack of criteria for the setting of standards and targets which are not based merely on an extrapolation of current trends. However, examples of more formalised social planning can now be found in France, Italy, the Netherlands, Norway and the United Kingdom.

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[1] Cf. A. Touraine and others: *Les travailleurs et les changements techniques* (Paris, O.E.C.D., 1965), pp. 7-14.

In most European countries the establishment of guidelines for the future is likely to be facilitated by the constant extension of forecasting in all fields, although progress towards humanitarian and spiritual objectives can often be planned only in a prospective or even purely speculative manner. Forecasting is now being developed not only in such fields as science and technology or the availability of energy and raw materials but also with regard to population growth, the future shape of the economy and the composition of the working population, the social aspects of town planning, the development of information media, education, public health, leisure, and even behavioural subjects such as race relations, the relationship between the individual and society and ethical variables. This has produced a "futurology" which in certain countries involves systematic research, much of it conceptual and methodological, with a view to better planning. In Eastern Europe, for example, specialists are even thinking of forecasting consumption on the basis of prospective cultural models. Leisure has a particularly important place in this forecasting because its development heralds the beginning of an important new stage in European culture. In some countries bodies have been set up to consider the problems of leisure in the distant future, and thereby to determine what the collective needs of society will be and the types of social investment that will be required. The question has also been raised in some quarters whether it would not be desirable to establish similar bodies to make a comprehensive and prospective examination of the human costs of work in the future.[1]

The foregoing discussion may appear to be a little unrealistic. Yet I feel it is particularly necessary, at a time when much of the population of Europe, especially the younger age groups, is troubled by uncertainty and confusion about the future, to stress that in the last analysis the denial of accepted truths, the revolt against the "establishment", are rooted in aspirations for human dignity in the fullest sense; and that it is becoming a matter of some urgency that social policy should be conceived and planned in a rational way so as to deal effectively with the challenge such aspirations present to society. Admittedly there is no hope of immediate attainment of such objectives in the existing political, economic and social conditions, even in Europe where technological progress can justify great hopes; yet it is also true that their attainment will not be brought any nearer unless they are constantly borne in mind. This calls for patience and courage because, even when contemporary ideas and values appear to be in urgent need of review, the slow mutations of human behaviour and outlook inevitably lag behind the possibilities opened up by the rapid pace of scientific and technological progress.

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[1] Cf. *Le travail et les travailleurs dans la société contemporaine*, 51me semaine sociale, Lyons, 1964 (Paris, 1965).

CHAPTER II

INCOME LEVELS AND DISTRIBUTION

Economic growth in Europe over the past two decades has been accompanied by impressive gains in the living standards of the people. Numerous indices point to the increased well-being of most Europeans. In the richer European countries the share of food consumption in the family budget—generally less than a third—is still falling while that of consumer durables is rising rapidly. A similar trend is evident in countries with more modest income per head but its impact remains limited.[1] The family car has almost come to be regarded as essential in the richer countries while public transportation is expanding quickly elsewhere. Education is forging ahead rapidly. Thanks to the development of effective public health services and the widespread provision of medical care under social security schemes, as well as to improved nutrition and housing and other living conditions, people now enjoy a much better state of health. However, the basic objective of policy in European countries remains to improve steadily the living standards of the community, particularly minimum living standards. The main means of achieving this is through policies to attain the closely related goals of economic growth—or, in certain European countries, industrialisation —and full employment, apart from measures to promote collective consumption and social security. Whatever the means, the basic problem is everywhere the same: that of reconciling the needs of economic growth and social progress and of ensuring an equitable distribution and redistribution of income among social groups.

Although research efforts are continuing to clarify and to measure empirically the level of living [2], quantifying its progress in comprehensive terms remains difficult. Also there is at present no accepted method of universal validity for this purpose, especially for making inter-country comparisons. Consequently, the following discussion will be centred on income levels, rather than on levels of living.

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[1] See, for instance, I.L.O.: *Household Income and Expenditure Statistics*, No. 1, 1950-1964 (Geneva, 1967) and *Year Book of Labour Statistics* (chapter on household budgets).

[2] In the European context it is understood that studies on the measurement of the level of living with a view to making comparisons between two or more selected countries are being organised under the auspices of the Economic Commission for Europe and the O.E.C.D., and the Statistical Office of the European Communities is conducting similar studies. The I.L.O. has been actively engaged in the work on the methodology and classification of statistics of family living studies, an important source of data on levels of living; the subject was discussed by an expert group in 1967 and will probably be considered by the next International Conference of Labour Statisticians with a view to elaborating and revising the relevant technical standards.

INCOME COMPONENTS [1]

Since, on the whole, the national product per head in the countries of eastern and southern Europe has been rising faster than that in the more mature economies of the countries in the northern and western parts of Europe, it seems that, while income levels are rising everywhere, the gaps between the income levels in different parts of Europe are generally narrowing in relative terms. Factors contributing to this "levelling-up" process have already been discussed.

I will devote primary attention in this chapter to the real income of families, which is for most practical purposes a major and perhaps the most important single determinant of their level of living, at least in material terms. Three components of the real final income of families may be distinguished. The first and the principal component is the primary income accruing to family members from participation in productive activities. This consists mostly of income from work, either in the form of wages and salaries or earnings from self-employment (e.g. on family farms or in family businesses). This may be supplemented by income from property such as rent, dividends, etc., but such property income amounts to no more than one-eighth to one-tenth of primary family income in several Western European countries and no general trend in its evolution is evident from the available data. The primary income flows are redistributed through the fiscal and social security systems, leading to income transfers in kind or cash. Social security benefits in cash constitute a second component of final family income. But the living standard of households also depends on the effect on prices of indirect taxes and subsidies and on the incidence of transfers in kind, or "collective consumption" (the latter meaning a large part of government expenditure on health, education and social welfare services). The distribution of households by the size of their income per head may, therefore, be supplemented by estimates of the redistributive effect of government price and expenditure policy. In most European countries transfers in kind constitute an important instrument of redistribution.

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[1] Much of the discussion below is based on the information, analysis and conclusions contained in *Incomes in Postwar Europe*, op. cit., a comprehensive study on this subject prepared by the Secretariat of the United Nations Economic Commission for Europe to which the International Labour Office has contributed, and on United Nations document E/CN.5/417/Add.2: " 1967 Report on the World Social Situation ". The following recent I.L.O. publications have also been drawn upon for this purpose: H. A. TURNER and H. ZOETEWEIJ: *Prices, Wages and Incomes Policies in Industrialised Market Economies*, Studies and Reports, New Series, No. 70 (Geneva, 1966); and *The Cost of Social Security—Sixth International Inquiry, 1961-1963* (Geneva, 1967).

While the primary income from work is the mainstay of most families, the redistributed income is an essential and even the major source of support to poorly paid workers, pensioners and large families. The level and relative importance of the income components, and changes therein over time, vary between countries, especially between those in Eastern and Western Europe.[1] But the long-term trends since the last war point to rapid growth in the level of all income components, with collective consumption and social security benefits generally rising at a somewhat faster pace than income from work. The trends in primary income from work and in the redistributed income components and factors influencing them are considered in turn below.

Income from Work

As a broad generalisation, it can be said that the combined earnings from employment and self-employment (in real terms, i.e. after allowing for increases in consumer prices) have moved sharply upwards, more or less parallel to the growth in national product. The trends in earnings in the manufacturing sector are of special significance. It has been estimated that earnings in manufacturing rose during 1955-65 at an average annual rate of between 2.5 and 6.5 per cent. in countries with market economies as well as in those with centrally planned economies. Out of 18 countries (12 with market and six with centrally planned economies) for which relevant data are available over the period 1955-64, gains in labour productivity exceeded increases in earnings in 14 cases (nine with market and five with centrally planned economies). The picture alters a little for the countries with market economies during the more recent period 1960-64 when the rate of increase in real wages exceeded that in labour productivity in five out of 12 cases. Detailed study would probably suggest that the links between short-term changes in productivity and real wages are rather weak.[2]

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[1] The conventional distinction between Eastern and Western Europe has been maintained here for the sake of simplicity and brevity. In a sense each national experience in the field of incomes policy is unique and wide variation exists among countries even within each of the two groups. Yugoslavia is a case in point with special features of its own as well as many features common to one or the other of the two groups.

[2] The estimates are rough and ready, having been derived directly from the relevant statistical series on wages, consumer prices and labour productivity published

(footnote continued overleaf)

Several related factors have contributed to the notable gains in the general level of employment earnings of European families. Firstly, individual workers who continue to do the same or similar kinds of work over the years have shared in the general prosperity and gains in labour productivity in the shape of increased earnings; in other words, real occupational wage rates have generally moved up. Secondly, and perhaps more important, massive shifts have been taking place in the employment structure from low to high productivity and from low to high-wage sectors of the economy. This covers a multiplicity of movements of labour—from self-employment to wage employment, from wage to salary employment, from agriculture to industry, from light to heavy industry, and so forth. The industrial, occupational and skill profile of the labour force has thus changed radically. Thirdly, fuller and more varied employment opportunities have meant remunerative jobs for persons who would otherwise have remained unemployed, underemployed or outside the labour force. In particular, it is becoming increasingly common for there to be a second breadwinner in the family.[1] In the countries of Eastern Europe much of the increase in family earnings, especially during the years up to the mid-1950s, is attributed to fuller employment. "Vertical" mobility of labour, i.e. the movement from low-skill (and low-paid) to high-skill (better-paid) jobs, was also a major factor in increased earnings in these countries.

In the market economies the mechanism of collective bargaining has to a large extent been relied upon to determine the worker's share in increased product. However, public authorities have become increasingly concerned that wage increases might be excessive and thus contribute to overheating the economy. Persistent difficulties are being experienced in reconciling the objectives of economic growth and full employment with those of general price stability and balance on external accounts. When problems regarding the latter reach serious proportions, fiscal and monetary measures are adopted to restrain and redirect demand which interrupt or slow down economic growth and lead to a spurt in unemployment. This entails economic waste and an increase in social costs; moreover, a high level of unemployment is politically unacceptable in all European countries.

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in I.L.O.: *Year Book of Labour Statistics, 1965* (Geneva, 1966), Chs. V, VI and VII. For detailed yearly country data on real wages for 1950-62 see *Prices, Wages and Incomes Policies in Industrialised Market Economies*. op. cit., pp. 16-17.

[1] This fuller employment is not always apparent from the data on activity rates etc. since, for instance, the (previously) unemployed, the underemployed, family helpers, etc. (now in wage employment in the modern sector) were mostly already classified as members of the labour force.

In the search for a way out of this dilemma, a number of governments have attempted to introduce "incomes policies". Their primary and indeed almost exclusive purpose in thus acquiring a degree of direct control over primary incomes has been to equip themselves with an additional weapon for facilitating economic growth under conditions of price stability and full employment. Such policies tend to concentrate in practice on providing guide-posts and on attendant action to keep increases in primary incomes in line with anticipated increases in output so as to avoid or contain inflationary or balance-of-payments strains. The success achieved so far by incomes policies in their chief objective of restraining total income growth within predetermined limits has, however, been rather modest.

A decisive factor in the implementation of incomes policies is the degree of direct public control over the determination of primary incomes and prices. In Western Europe the latter are largely determined in the first place by private economic agents operating in a market environment. Incomes policies designed to achieve a measure of direct collective control over primary incomes are still at an early stage of evolution, even in those countries where they were introduced some time ago. One basic requirement to achieve such control is to have the consent and co-operation of wide sections of society, and in particular of representative and effective organisations of employers and workers. For the decision to operate an incomes policy may mean the acceptance of certain sacrifices. In the first place, the "freedom" of employers and trade unions in the settlement of pay and prices will be restricted. It can be argued, however, that this "freedom" is largely theoretical and is in practice circumscribed by market forces and prevailing conventions. In the second place, meaningful participation in the formulation and application of an incomes policy may require an adaptation in the structures and procedures of trade unions and employers' organisations. For instance, central organisations of employers and workers might have to exercise more effective supervision over their constituents, and the commitments made by these organisations might need to be made binding even on those outside them.

The acceptance of an incomes policy poses a delicate problem for trade unions in particular. Wages and salaries make up from a half to two-thirds of total primary income in many Western European countries. The remainder is made up of diverse types of incomes—income from self-employment and from property, rent, interest, profits and so forth—which are heterogeneous in nature, and with some exceptions difficult to regulate. This appears to be especially true of undistributed profits of enterprises which tend to remain accounting entities even though such profits might represent important gains for the equity-holders, at least in the long run. In the circumstances, the weight of current efforts in the field of incomes policies tends to fall on the regulation of wage and salary income in view of its size and compactness. That many trade union leaders should be lukewarm about the principle of an incomes policy and even opposed to its actual practice is understandable. They may feel it unfair that workers should be asked to accept the discipline of an incomes policy, usually in the form of wage restraint, without any *quid pro quo* from the other parties, especially the employers. The power of persuasion of the central leadership might also, as noted earlier, be strained when, in conditions of economic expansion and full employment, the rank and file as well as some of the constituent unions feel that the possibilities of immediate gains for themselves are being frustrated by appeals for unilateral restraint in the public interest. An incomes policy should not only spread the sacrifices fairly but should be seen to do so.

An incomes policy seeks to introduce coherence and social decision-making in the process of income determination. Whether the right conditions for this exist in a particular country at a given time depends on a combination of economic, traditional and institutional factors. In the ultimate analysis, the choice between an incomes policy and the continuation of the existing system is "a choice of political aims and priorities".[1]

The need for an incomes policy, in so far as it implies government intervention in wage determination, depends to a large extent on the success or otherwise of arrangements that employers' and workers' organisations make to introduce an element of social control in the process of wage determination. Thus in the Scandinavian countries wage settlements are arrived at through framework agreements between central employers' organisations and national trade union centres. The government, though taking no formal part in the negotiations, nevertheless has a good deal of influence when they fail. Bipartite arrangements also exist in the Netherlands with the Foundation of Labour screening collective agreements, although there too the Government holds very wide powers of intervention. For, as has been pointed out in the recent study by the Economic Commission for Europe, "central bargaining on wages, once established, can hardly be conducted in practice without raising wider issues of economic policy. Consequently, the government is inescapably concerned, directly or indirectly, with the outcome of the settlement."[1] In various countries, such as Austria, France, Ireland and the United Kingdom, the State has therefore been attempting to intervene more directly.

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[1] *Incomes in Postwar Europe*, op. cit., Ch. 1, p. 15.

Another important difficulty is that an incomes policy implies a complex array of measures. As is clearly stated in the Draft Second Programme of medium-term economic policy of the Commission of the European Communities, an incomes policy has no chance of success unless it is considered as an integral part of general economic and social policy. Such an approach implies that a policy for primary incomes needs to be co-ordinated with measures concerning prices, competition, monetary and credit policies, public finance and employment. Moreover, "the prospects for the success of an incomes policy would be considerably improved if deliberate efforts were made concurrently to encourage a more satisfactory distribution of the increase in wealth among broad sections of the population, particularly among wage earners.... The simultaneous pursuit of these different objectives may however give rise to certain conflicts." [2]

Price policies have attracted special attention among such measures. It is now widely recognised that workers cannot be expected to show restraint in regard to wage claims if price increases erode real wages and unduly inflate enterprise profits.[3] While direct regulation of prices for a wide range of goods and services is impractical and might even be considered undesirable in peacetime, effective action by public authorities and private employers can have a significant effect on price levels, through increased competition, credit and fiscal policies and so forth.

Inequalities in the distribution of wealth have in many countries attracted little government attention and tax measures to reduce them have generally remained limited in scope. It has indeed been proposed by the Commission of the European Communities that the promotion of a wide diffusion of capital assets, especially among wage and salary earners, should be an integral part of the objectives of a broadly conceived incomes policy.[4] Measures towards this end have been adopted or proposed (principally by trade union groups) in member countries of the Communities. The aim of such measures is, *inter alia*, to bring about a fairer distribution of income and wealth in society in the long term and to increase the economic independence and security of groups of low-income workers.

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[1] *Incomes in Postwar Europe*, op. cit., Ch. 4, pp. 7-8.

[2] Commission of the European Communities document COM (68) 148 final: "Projet de Second Programme de politique économique à moyen terme", Ch. VII, pp. 3-4.

[3] Ibid., pp. 18-20.

[4] Ibid., pp. 2 and 22-24.

An active manpower policy is also a necessary complement to an incomes policy. The different facets of active manpower policies are discussed in the two technical reports presented to the Conference. I would only note here that such policies contribute to increasing the total supply of usable labour and to a fuller utilisation of available manpower resources. In so doing they may help to ease inflationary pressures resulting from the general tightness of the employment market. In this connection it should be borne in mind that wage increases for particular groups of workers can result from temporary or local scarcities of labour, and that such increases tend to precipitate a chain reaction of wage claims by other groups to maintain traditional differentials. Finally, active manpower policies introduce an element of flexibility in the supply of labour which can be helpful in the long-term development and management of a more rational and orderly pay system under an incomes policy.

In the countries of Eastern Europe with centrally planned economies the basic feature of wage planning is its reliance on a comprehensive nation-wide wage system, which provides a standing framework for the execution of long-range policies. The system largely reflects the relative weights which the planners attach to such criteria of remuneration for work as skill, education, working conditions, geographical location and economic priority. Two principal determinants of the general level of income from work are the decisions on the allocation of resources between investment and consumption and on the relative weights to be assigned to collective and personal consumption. The development strategy has, on the whole, been geared to a high investment rate aimed at rapid industrialisation to provide a firm foundation for improving living standards and attaining other goals in the long run. Again, on the whole, a faster growth of collective consumption appears to have been preferred in the interest of a wider immediate diffusion of welfare. These choices have meant slower gains in primary family incomes in the short run. In fact, acute strains have been common due to the cumulative effect of two factors: firstly, the universal failure to raise agricultural output to the planned levels and the gap—considerably wider than expected—in the output of producer and consumer goods, leading in general to supplies of consumer goods falling below planned output; and secondly, the tendency to overfulfil employment targets, leading to an inflation of demand and the erection of obstacles in the way of attaining planned increases in average real wages per wage earner; and since the overfulfilment of employment targets has been partly due to the expansion of family labour, family incomes have tended everywhere to grow faster than individual wages.

Wage policies are being reappraised in conjunction with considerations of material incentives in almost all European socialist countries and the future situation in this field should be influenced by the reforms of the planning and management system which open up new prospects for autonomous action and a strengthened role of the management and the trade union at the enterprise level; for instance, the size of additional wage funds available to an enterprise would be linked more closely with its net results (usually based on some criterion as to its profitability) and the two parties would need to devise appropriate methods for its distribution. The greater emphasis on the economic performance of the individual enterprise and on material incentives to spur efficiency might bring to the fore the problems of containing within socially acceptable limits the differences in earnings of workers employed in enterprises and industries with widely varying productivity (and profitability) performance. Enterprises might also tend more than at present to compete for the recruitment and retention of skills in short supply and of better workers. This could lead to greater differences in effective earnings among the workers than might have been foreseen in the central wage systems.

Other Income Components

The real final family income emerges only after the intervention of the fiscal and social security systems. This involves deductions for direct taxes and social security contributions on the one hand but income supplements on the other (in the shape of cash social security benefits and free or subsidised public services in education, health, housing and so forth) which contribute to family welfare.

The fiscal system has traditionally been regarded as a tool for income redistribution—taxing the richer members of society and transferring these resources either in the form of specific benefits in cash or kind to needy individuals or of public welfare services open to all. It has been argued, however, that the intervention of the fiscal system beyond certain limits for purposes of reducing income inequalities can become self-defeating. This is partly because the distribution of primary incomes itself tends, especially in countries with market economies, to discount in advance the effects of the subsequent adjustments through the fiscal system. Redistributional measures alone cannot therefore be expected to bring about the desired pattern of the distribution of final incomes. This needs to be considered in conjunction with other action to influence directly the distribution of primary incomes within the framework of incomes policies. A recent analysis of final family incomes in a group of nine Western European countries [1] indicates that primary incomes from work or property, after deduction for direct taxes and social security contributions, constituted 70-80 per cent. of the final incomes (the deductions themselves being of the order of 15-25 per cent. of the latter). Collective consumption represented a remarkably uniform proportion —from 7.5 to 10 per cent.—while the share of transfer income (mostly social security benefits) varied more widely—from about 10 to 16 per cent.; everywhere these shares tended to increase from the mid-1950s to the mid-1960s. A third redistributive item identified in this study, "subsidies" made up mostly of agricultural and housing subsidies to enterprises which benefit families by way of resulting lower prices, remained below 5 per cent. of final family income in eight of the nine countries but showed a general tendency to rise over the period in question.

It appears that the total tax system, including indirect taxation, tends to be regressive for the great majority of households in Western European countries. The advantages that flow to lower income groups arise rather from the distribution of public expenditure. Between 50 and 70 per cent. of current public expenditure is devoted to welfare functions and this proportion is rising. The effects of this public welfare expenditure tend to be progressive on the whole. This is particularly true of transfers in kind, which are as a rule independent of employment income or are made specially accessible to persons in the lower and, to a smaller extent, medium income brackets.

In the Eastern European countries the impact of redistributive flows on final incomes is sharper. The principal means of redistribution is through the public consumption or social welfare fund. Social benefits are distributed in cash and in kind in the form of various services provided free of charge or on advantageous terms. They include the provision of free education and medical care, and the maintenance of housing, pre-school institutions, libraries, reading rooms, health and holiday centres for workers, clubs, cultural centres and sports and other facilities and are also partly distributed on an individual or group basis, for example in the form of pensions and grants. It is estimated that if income from work is taken as 100 units, Public Consumption Funds increase it by a further 35 units in the Soviet Union and by approximately 40 units in Czechoslovakia. Lower income groups gain proportionately more in the redistribution process. For example, according to the data of the Labour Research Institute in the Soviet Union, workers in the lower income brackets receive additional income out of the Public

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[1] *Incomes in Postwar Europe*, op. cit., Ch. 6, p. 12.

Consumption Fund amounting to upwards of 40 per cent. of their wages, while those in the middle and high income brackets receive respectively 30 and less than 15 per cent.[1] However, it appears that more recently greater emphasis has been placed on remuneration according to skill and productivity and the degree of hardship involved in the job, and the proportion of national income allocated to the Public Consumption Fund is being reconsidered in certain countries.

Social Security.

I should like now to consider more closely the specific role of social security in the process of redistribution of income, although certain aspects of social security are discussed in another report before the Conference.

The rising share of the national income channelled through social security in Western European countries is demonstrated by the fact that social security receipts expressed as a percentage of gross national product at market prices generally rose from 7-14 per cent. in 1952 to 10-17 per cent. in 1963. Over the same period the average annual social security benefit expenditure per head of the population in real terms (i.e. after allowing for increases in living costs) nearly doubled. All these indices point to the increasing role played by social security in the national economy and in safeguarding the living standards of the population.

In most European countries old-age, invalidity and survivors' pensions make up from a third to a half of total expenditure on social security benefits, and in many countries constitute the largest single component of the social security system. This reflects the ageing of the population, the maturity of many pension schemes, the wide coverage afforded by the schemes and the adjustment of benefit level to rising incomes. Medical care is the second largest component of social security in a majority, and the largest component in a number, of European countries, generally accounting for some one-fifth to two-fifths of social security benefit expenditure. In many Western European countries this benefit is channelled chiefly through the social security system while in others, as well as in the Eastern European countries, it is provided mainly through the public health services. It may seem paradoxical that costs of medical care should continually soar—a matter of grave concern to health administrators and policy-makers—in spite of the steady improvement in the health conditions of the people. But it is precisely because of this improvement that there is a fuller appreciation of and insistence on the "right to health" and on the better standards of medical care which growing affluence and constant medical advances make possible. Family allowances also play a large role in a number of European countries. In many countries, too, relief is provided in respect of family dependants in the assessment for income tax. While family allowances and related tax concessions appear to be primarily motivated by social need—to cushion the impact of heavier family responsibilities on living standards—in some countries they may also be intended to encourage larger families in order to counteract population stagnation or loss resulting from historical low birth rates, war or migration. The financial advantages offered, however, even when on a generous scale, rarely approach the extra cost of maintaining a large family and cannot therefore be considered as serious inducements for having more children.

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[1] "1967 Report on the World Social Situation", Add. 2, op. cit., pp. 194 and 206.

Some of the major features and trends of social security policy relevant to income redistribution may be briefly noted here. There is a trend towards universal coverage of the whole economically active population. This has meant, in particular, the extension of social security systems to self-employed persons in Western Europe and to the large co-operative sector in agriculture in Eastern Europe. A number of countries have actually approached a state of universal coverage of the population—"resident" or "national"—in such matters as medical care, public assistance or minimum pensions. Many countries which geared their social security systems to safeguarding a national minimum standard of health and decency in the early post-war years have introduced supplementary schemes or otherwise reoriented their systems to relate income benefits more closely to occupational earnings. The emphasis has thus shifted from providing a "minimum" to a "substitute" income. This has meant contributions and benefits generally related to earnings (frequently with minima and maxima) instead of those at more or less flat rates. At the same time, inspired by the basic social security principle of "solidarity", the minimum benefits are being progressively raised.

What is the income redistributive incidence of social security? Payment of contributions by participants tends to be regressive on the whole, but its degree diminishes to the extent that the level of contribution is linked with that of employment income. Eastern European and many Western European countries finance benefits largely through contributions from employers or enterprises. It has been suggested that the ultimate effect may well be similar to that of a tax on wages and thus be deprived of a direct redistributive effect. Social security cash benefits tend to vary with employment income over a wide range and therefore tend to be less progressive than transfers in kind. But the operation of minima and ceilings in benefit levels introduces a strong progressive element as regards redistribution between income groups.[1] Attention has however been drawn to the danger of spontaneous vertical redistribution from lower to higher income groups due to the latter taking fuller advantage of the available social security protection. For instance, the demand for medical care tends to rise with the standard of living while, under private occupational pension schemes, where no adequate provision exists for the maintenance or transfer of pension rights on job changes, it is the employees lower down the scale who suffer most from instability in employment.

Viewed from another angle, social security systems tend to redistribute income over time or over the life-cycle of individual families; children's allowances and medical care benefits (as well as collective consumption) provide help for the young family, and pensions and health services assist the old, while income maintenance during periods of unemployment, sickness and disability are provided for throughout working life. As noted above, pensions and health services, followed in a number of cases by family allowances, are generally the largest item in social security expenditure. This underlies two major categories of transfers—those in favour of economically inactive persons (pensioners), and those in favour of large families. The pensioners do not contribute to social security while breadwinners in large families do; both categories however benefit from relatively large transfers in cash and kind. Transfers in favour of large families, in particular, substantially reduce income inequalities per head and help to keep the gap in living standards between families of different sizes within socially tolerable limits.

In theory, the objective of social security may be only to bring about a horizontal redistribution of income among the different categories of the active and non-active population. In fact, however, whether intentionally or not, it often leads to a vertical redistribution of income. By concentrating on a more equitable distribution of social charges and on a more comprehensive coverage, social security is bringing about a vertical redistribution of income in favour of the least privileged. This trend towards a combination of an equitable distribution of income and an equitable spread of social charges demonstrates the complexity and the originality of the objectives of the most advanced forms of social security in Europe.

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[1] See, for instance, John BURKUS "Some Aspects of Income Redistribution through Social Security in Four Western European Countries", in I.L.O. *International Labour Review*, Vol. 97, No. 2, Feb. 1968, pp. 167-190. Illustrative data drawn from the study on which this article was based also appear in *Incomes in Postwar Europe*, op. cit., Ch. 6, pp. 35-40.

The Problem of Equity in Income Distribution

The principle that some income should be redistributed would hardly be contested now anywhere in Europe but the controversy usually centres on the problem of what is practicable and desirable at a given time. All countries face the stubborn problems of finding common ground and reconciling possible conflicts between what is economically practicable and desirable and what is socially just, or between efficiency and equity. It might be argued, for instance, that more taxation and larger income supplements unrelated to productive effort might unduly dampen the initiative required for further growth. This might be countered by pointing to the role of public welfare and social security expenditure as built-in economic stabilisers and to the inadmissibility of neglecting urgent social needs amidst the growing affluence of society as a whole.

In Western European countries taxation, the pattern of public welfare expenditure and the social security system—the principal vehicles of income redistribution—have usually evolved in a piecemeal fashion and generally represent a mixture of clear-cut solutions to specific problems, compromises and expedients. In the distribution of primary income the basic unit of reference is necessarily the individual who earns according to his contribution to productive activity. At this stage adequate provision for adjusting income according to the social criteria of family responsibility is usually impractical. It thus seems a natural function of the redistribution process to introduce an element of "social income" so that the distribution of final incomes take due account of differing needs according to varying circumstances of individual families. On the other hand, the practicable range within which primary incomes can be re-adjusted at the redistribution stage is limited. There is need for a thorough study of the relation between primary incomes and redistributional flows so that a more coherent and socially desirable distribution of final incomes may be achieved.

This in turn calls for a comprehensive incomes policy which affords an opportunity for formulating a coherent set of objectives regarding both income distribution and income levels. It can provide a framework for examining the incidence of the redistributive measures on the real incomes of social groups and families of varying composition in an integrated manner, and for the weighing of considerations of efficiency and equity. It can also provide machinery for decision-making in which the diverse interests at play can be represented. While in the ultimate analysis decisions must be based on the judgment of decision-makers, an integrated rather than a fragmented approach to income questions should help the community to achieve its goals in this field more systematically and effectively and in harmony with its other economic and social objectives.

By a wide variety of means, public policy in both Western and Eastern Europe has specifically aimed at improving the well-being of low-income groups to prevent them being left behind in the general raising of living standards. The I.L.O. fully shares this concern. It is reflected, for instance, in the resolution concerning minimum living standards and their adjustment to the level of economic growth adopted by the 48th (1964) Session of the International Labour Conference.[1] To achieve this objective countries are primarily relying on action in the fields of collective consumption, social security and, as regards employment income, minimum wages. While the direct effect of raising a legal minimum wage may be modest, it may also help to push up the wages of more numerous workers with slightly higher wage levels. In countries with market economies it is also common to relax the application of any wage restraint measures in the case of low-paid workers. In practice, however, the income-equalising effects of such measures at the lower end of the wage scale have often been frustrated due to wage drift.

How are the patterns and trends in the diverse income elements reflected in the over-all distribution of personal income? Statistical inadequacies make it possible to indicate only certain broad features. In a group of eight Western European countries the shares of the 20 per cent. top and the 20 per cent. bottom income earners in total personal income (before tax) have been respectively of the order of 40-55 per cent. and 3-5 per cent. during the past 10-15 years. If wage and salary incomes alone are taken into account, the corresponding figures (for the five countries for which the relevant data are available) are 35-45 per cent. and 5-10 per cent. Over the period wage and salary income has tended to become more evenly spread. But a significant and disturbing trend is that the income gap between the poorest groups (especially the aged) and the middle income ranges, has, if anything, widened. It would be fair to bear in mind, however, that the reduction of income inequality (except at the extremes) has seldom been an explicit policy objective in recent years when average incomes, including those in the lower ranges, have on the whole been rising steadily.

At the aggregate level there is the problem of distributing resources between income and investment. A higher allocation of resources for investment means smaller resources available for consumption now but a quicker growth of consumption later. Because of the close connection between relative returns to capital and labour on the one hand and the allocation of resources between investment and consumption on the other, this might imply slower growth of employee income and quicker expansion of enterprise profits in the short run. But profits are not the only source of savings for investment; and profits may, in any case, be taxed to finance public investment. Moreover, in conditions of economic slack associated with inadequate aggregate demand, a more rapid growth of employee income may stimulate spending and thus promote economic recovery.

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[1] This resolution urged member States to undertake all efforts to ensure adequate minimum standards of living to all workers and their families through dynamic wage policies and social security measures adjusted periodically to take full account of economic growth and to pay due regard to increases in the cost of living. In conformity with this resolution, the I.L.O. has under way a programme of research and standard-setting in the fields of minimum wages and social security.

At a lower level of aggregation, inter-firm and inter-industry pay differentials persist for workers in similar occupational categories. These differentials may offend one's sense of equity and have in fact motivated the trade union movement to formulate and struggle for the goal of "equal pay for equal work" and "the rate for the job". The differentials might be explained in terms of the efficiency criteria—differences in the productivity of the firms and industries. A levelling-up of wage rates might lead to closures of unprofitable enterprises with immediate loss of output, interruption of earnings of the workers who lose their jobs and resultant disruption to all concerned. It has been contended, however, that the elimination of uneconomic units is a healthy process which should be encouraged under conditions of full employment provided that the displaced workers can be assured of a smooth transition to new jobs.

The efficiency criterion requires that the occupational wage structure should reflect relative scarcities and, in particular, incorporate premiums for skills so as to provide material incentives for the acquisition and exercise of useful skills.[1] Social considerations suggest that the income spread should not be unreasonably wide and that due reliance should be placed on non-material incentives for the performance of useful work. Both these principles win general agreement but the difficulty lies in their translation into practice. The determination of the relative "value" of different kinds of work by objective and at the same time widely acceptable methods has so far proved elusive. Market forces do not appear to be effective determinants of pay differentials: the latter remain largely unresponsive to profound changes in the relationship between the demand for different kinds of skills resulting from technological progress and the supply of such skills through the development of education and training. Any temporary loss of position in the pay hierarchy of a particular occupational group may soon be made up and it has been argued that this process itself makes a potent contribution to the general rise in money incomes. This situation is reflected in a tendency to rigidity in the existing wage structure which responds inadequately to current economic needs and which might perpetuate established inequities.

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[1] The occupational wage structure is also expected to reflect rewards for doing dangerous or unpleasant work.

The actual trends in the distribution of primary incomes since the war present a picture of great stability in individual countries although there are striking differences between market economy countries. There has been no significant increase in the share of labour in national income (the balance being the remuneration to capital)—a traditional objective of the labour movement. The share of employee income has increased but this is offset by a decline in labour income from self-employment. The average salary has also tended to rise at about the same rate as the average wage (the ratio varying from 1.5 to 1.8 for a group of seven countries) although the proportion of salary earners among employees has increased. Average earnings per worker vary widely by industry, skill level and occupation but the pattern of variation is not uniform between countries. The relative pay structures have on the whole remained stable; the tendency towards narrowing the differentials during and after the war has in some cases been reversed in more recent years.

In Eastern European countries the significant shifts in the distribution of income which have taken place over the past two decades can be largely attributed to purposeful action within the framework of central planning. The adjustments made in the priorities for the growth of different types of income from time to time under changing economic and social conditions show how policy-makers seek to strike a dynamic balance between competing claims.

Promoting social and economic equality, and in particular narrowing income differentials except where strongly justified in the interest of economic efficiency, have remained the basic goals of socialist societies. The collective ownership of the means of production has reduced the scope for differences in wealth and related income. The primary purpose of the wage policy and wage differentials is to provide manpower for development—to promote the acquisition of useful skills, to facilitate the movement of workers to industries, regions and occupations where they are most needed and to provide incentives for efficiency in job performance. The egalitarian objective has not been overlooked, however, especially in the wage reforms that have been carried through since the mid-1950s. These reforms reduced the number of wage grades and granted more than proportionate increases to low-paid workers, mainly by raising minimum wages, while the earnings of more highly paid workers were relatively reduced by the elimination of the progressive system of bonuses and the tightening of loose work norms.

In conjunction with the drive to raise the status of manual workers, the earning differentials enjoyed by non-manual (office) workers in several countries in the early post-war years were eliminated and in fact became negative by the mid-1950s; in the U.S.S.R. this situation was reached much earlier. The income advantage of even the key engineering and technical personnel over manual workers dropped generally to about 50 per cent. or less by the early 1960s. But the current preoccupation of policy-makers seems to be that the narrowing of differentials has gone too far and is adversely affecting economic growth. It therefore seems likely that the range of earnings will be widened under the new systems of decentralised decision-making, although policies for raising the income of lower-paid workers will, in all probability, continue to be vigorously applied.

I should like now to mention in particular certain measures applied in the case of three categories of workers in the lower income brackets: agricultural workers, women, and young workers.[1]

Agricultural Workers

In all European countries the income level in agriculture tends to remain substantially below that obtaining in the other sectors of the economy, and it has become a major objective of agricultural policies to secure for the farm population levels of living comparable with those of other groups of the population. This objective is pursued through a blend of social and economic measures.

In the first place, agricultural wages have risen fairly substantially in nearly all European countries, very largely as a result of a conscious public policy to this end. This has been made possible by increases in agricultural productivity and the emigration of rural manpower towards urban areas. In Hungary and Bulgaria agricultural wages are now more or less equal to those in industry; in Czechoslovakia they vary from 68 to 81 per cent. of industrial wages. In Sweden this percentage rose from 66.3 in 1958 to 80-85 in 1966, and in the United Kingdom from 58.8 to 70 over the same period. Where cash wages in agriculture are supplemented by payment in kind, this form of wage payment seems to be diminishing in importance.[2] With the exception of a few countries in

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[1] Problems of income security for these three categories of workers are dealt with in Report III.

[2] F.A.O. document ST/ECE/AGRI/17: "5th Report on Output, Expenses and Income of Agriculture in European Countries", Vol. I (Geneva, 1965), p. 85.

Eastern Europe, however, wage levels in agriculture are for some time to come unlikely to attain those prevailing in industry, even in countries where agricultural production is most efficient. The extension of social security to agriculture is, nevertheless, well on the way to becoming a reality and a number of countries are promoting better rural housing and village amenities through special financing arrangements. On the economic front, measures to improve living standards include price support to domestic agriculture, restrictions on imports of food products, measures in favour of structural improvement, regional development policies, financial inducements to encourage investment in farming and better marketing, all designed to place farming on a more competitive footing and to increase the income potential. There is a growing trend away from purely protective measures towards action to improve the structure and efficiency of agriculture, *inter alia* by facilitating investment and the formation of larger units and by promoting co-operation between farmers. Co-operatives are, for example, expected to play an important part in the organisation of the fruit and vegetable market in the European Economic Community.

The improvement of agricultural marketing is also receiving increasing attention; all Western European countries feel the need to organise agricultural markets more efficiently; many of them support the efforts of producers to handle marketing through their own co-operatives or other types of association. Structural changes are particularly called for in many countries of southern Europe, but these are apt to be very expensive and long-term in nature. Some of the countries have run into balance-of-payments difficulties and tend to concentrate on short-term measures. In Italy the Green Plan lays particular emphasis on the development of co-operation and in Spain credit facilities for co-operatives and other associations have been extended.

In Western European countries subsidies and price support measures have tended to be of less benefit to low-income farmers than to other farm groups. This is particularly noticeable in the so-called backward rural areas characterised by a high percentage of labour employed in agriculture, the prevalence of small-scale farming, low productivity in agriculture as well as in other occupations, difficult natural conditions and remoteness from the main centres of industrial activity. It is only recently that serious efforts have begun to be undertaken to raise incomes in these areas by comprehensive programmes which aim at bringing about diversification of and long-term improvements in the whole economic structure of such areas. The regional improvement programmes in France, the regional industrialisation development policy in the Netherlands and the programme to develop central rural towns (focal points) in less progressive rural areas in the Federal Republic of Germany may be cited as examples.[1]

In countries with centrally planned economies the lagging performance of agriculture and the sharp rise in urban consumer demand for agricultural products resulted in acute shortages and has given an added impetus to providing material incentives to farmers. The available evidence points to a significant narrowing of the earnings gap between rural and urban areas in these countries, at least during the 1960s. The relative real income of the agricultural population has also further improved in recent years through fuller participation in Public Consumption Funds and social security.

One persistent problem remains to be solved, however, in implementing at the national level the principle of equal pay for equal work in co-operative agriculture. This is the creation of equal opportunities for net income generation on farms that work under widely varying climatic, soil fertility and economic conditions; all available evidence suggests that fairly wide discrepancies continue to exist between the earning capacities of different co-operative farms in spite of recent reforms. In addition, one important objective of income policy in respect of co-operative agriculture has been the maintenance of income differentials between co-operative farmers, state-farm workers and non-farm workers at a high enough level to regulate movements of labour; at present there is a tendency to raise minimum rates of labour remuneration in the collective-farm sector to the level of wages in the state farms and to the average level in industry.

Women Workers

The principle of equal remuneration for work of equal value seems to be accepted in almost all the countries of Europe; 24 had ratified the Equal Remuneration Convention, 1951 (No. 100), on 10 September 1968. However, there are many European countries where the principle is not yet fully applied, even though considerable progress has been made since 1950. Besides, other factors unconnected with the non-application of this principle result in the persistence of wage differentials between male and female workers. Some are connected with certain general characteristics of the female labour force [2] and, in particular, with the fact that women are numerous in certain low-wage industries and usually have lower-paid jobs due to a generally lower level of qualifications. This is in turn due to inequality of access to training, to employment opportunities and to advancement, although other factors also operate. A survey carried out in Poland in 1959 identified a number of such factors which exist in other countries too: the women workers lacked vocational training, were more frequently absent from work (chiefly when their children were ill), and found it more difficult to do overtime because of their domestic responsibilities. As a rule, the break in employment due to marriage and maternity reduces women's opportunities of advancement to better-paid work; they are also less commonly employed on dangerous or unhealthy tasks for which special compensation is paid. As a result of this combination of different factors, a gap of 30 per cent. between the remuneration received by men and women was reported recently in some industries in the Benelux countries [1] and in other countries the gap may be even wider. For some Eastern European countries, recently published information indicates that women's average earnings in the socialist sector are about one-third lower than those of men.[2]

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[1] O.E.C.D.: *Agricultural Policies in 1966* (Paris, 1967), pp. 100-101.

[2] These are considered in Report II.

Action to ensure the proper application of the principle of equal pay for equal work takes various forms. In some countries the right to equal pay is laid down in binding legal instruments while in others [3] it is embodied in collective bargaining agreements. In the latter case some governments can and do bring pressure to bear to secure observance of the principle by the parties. For example, in the Federal Republic of Germany the Bundestag in 1966 called upon employers and workers to apply the principle of equal remuneration in collective agreements. The federal Government was asked to examine all collective agreements submitted to it for registration or for extension and to check their conformity with the article of the federal Constitution that lays down the right to equal remuneration. In Belgium, too, the Government has refused to extend the scope of collective agreements which are not in conformity with the principles of Convention No. 100 and of Article 119 of the Rome Treaty (which lays down the right to equal pay where the work is of equal value). The Belgian Government has also instructed the chairmen of joint committees to uphold the principle. In the United Kingdom the Government is negotiating with both sides of industry to draw up a seven-year timetable for introducing equal pay for women.

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[1] J. D. Neirinck: *Social Policy of the E.E.C. Commission—A General Survey: Achievements and Trends at the End of 1967* (Collegium Falconis, Louvain University, 1967), p. 27.

[2] *Incomes in Postwar Europe*, op. cit., Ch. 8, p. 35.

[3] Belgium, Denmark, France, Netherlands, Norway, Sweden, Switzerland. In the Eastern European countries, in the Federal Republic of Germany and in Italy this principle is laid down in the Constitution.

But action of this sort cannot do much to remove many of the obstacles which exist in practice.[1] The first and most important of these is a distorted assessment of the content of the work commonly done by women. For example, it was shown in a recent French study [2] that quite often, whereas allowance was made for the physical effort required in many jobs usually performed by men, no allowance was made for the speed and dexterity required to perform tasks commonly done by women. This imbalance was reflected in unduly low pay for women. In a number of countries, including the Federal Republic of Germany and Italy, there are separate wage brackets for light work, which is in fact usually done by women.

It would be useful to study more closely the role and relative importance of the various factors, such as vocational training, length of service or bonuses, which would seem to account for the persistence of lower remuneration for women in countries where the principle of equal remuneration for work of equal value is laid down by law or by collective agreement. The importance of such factors, taken together, may be deduced from the fact that in those countries the gap between remuneration for men and for women is greater for average rates than for minima.

Young Workers

On the average young workers earn less than adults. There are natural reasons for this: fewer of them are in well-paid jobs; higher job grades and supervisory status often go with age; and young workers who have apprentice or trainee status are invariably paid less than fully qualified workers in the same occupation. The lower pay of young workers may also be due to the regulation by law of their hours and working conditions which prevents them from earning the overtime and other premiums paid to adults in the same occupation.

On the other hand, however, it is possible in many countries to find young workers of 16 or 17 years who are doing the same work as adults and who have already completed the training necessary for a great many industrial, commercial or other jobs but who are paid less than adults.

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[1] These obstacles have been described in a series of reports by the European Economic Community and in the reports on equal remuneration for work of equal value which the I.L.O. submits every few years to the Commission on the Status of Women of the United Nations Economic and Social Council. Recent reports may be found in United Nations documents E/CN.6/392 (1961), E/CN.6/423 (1964) and E/CN.6/468 (1966).

[2] Madeleine GUILBERT: *Les fonctions des femmes dans l'industrie* (Paris and The Hague, Editions Mouton, 1966).

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Very commonly in Western Europe the worker's age or length of service is formally taken into account in setting wage scales; the paying of higher wages for the same work to older workers is considered to add a career element to the wage structure, particularly in the field of salaried employment. In Eastern European countries the principle of equal pay for equal work applies to young workers in the same way as to others. They are paid the rate for the job. In addition they share in the system of bonuses covering all workers. In the U.S.S.R., where a special shorter hours régime has been established for persons under 18, the young workers concerned receive the same wages as those paid to adults on the same job for a full working day.

One of the most common and pressing claims of national and international organisations of young workers is for wages allowing the young person to live a decent life or to have the decent standard of living necessary for the development of his personality. And a particular concern, expressive of a deeply rooted desire for "fairness" and for "adult status", is for equal pay for equal work, for rates of wages fixed without discrimination on grounds of age. Indeed in many countries considered as developed there is a need to protect young workers' rights, to make sure that they get a proper return for their work by fixing and controlling the minimum wage paid to them. In the case of those who are paid less than adults in the same occupation because they are learners, every effort should be made to regulate properly their learner status so as to prevent possible abuses. And last but not least, since the young are required to sacrifice earnings for the sake of learning (in many countries starting pay at unskilled work is higher than apprentice pay), it should be ensured that the training acquired is good and really opens up opportunities for work and vocational advancement.

Students are another category of young people whose frequently low income or lack of financial means is held to be a social injustice by those who regard them as true intellectual workers who should receive a wage as such. Opinion is divided as regards the equity of paying a "student wage" which would benefit even members of well-to-do social groups, the advocates of the system arguing that this wage would constitute an investment in human beings as potential leaders and should consequently be paid to all on the basis of purely academic criteria and not as a form of "assistance". If such a radically new approach were to be adopted, however, it would be necessary to ensure that admission to higher education was based on merit alone, and that the education provided was closely geared to employment opportunities after graduation. I would recall in this connection the stand taken in one of the reports presented at the U.N.E.S.C.O. Conference of

Ministers of Education of European Member States on Access to Higher Education in November 1967:

> For the market-economy countries . . . what is required—and this does not exclude the idea of providing a *very modest* basic allocation to all students—is the allocation of study grants of a sufficient amount to meet the real needs of each individual case. *And these should be provided at all levels of education after the period of compulsory education.* . . . Account should be taken of the needs of each age and each type of study, as well as of the actual loss of earnings to the family. . . . At the same time, there should be a speedy and widespread development of student hostels and restaurants and cultural and sports services at the higher level. . . .[1]

In my report entitled *Youth and Work* to the International Labour Conference in 1960 [2] I paid special attention to the question of remuneration and social security for the young. The progress achieved generally in the field of income security as shown in one of the technical reports to this Conference is heartening even though it does not concern youth in particular, because progress in family income security is an element of continuing significance in the life of any child or young person. The time has perhaps come to give more serious consideration to the young—whether they are potential workers, at work or out of work—within the framework of income redistribution policies, including primary income and social transfers in cash and kind.

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[1] U.N.E.S.C.O. document MINEUROP/4: "Access to Higher Education from the Point of View of the Social, Economic and Cultural Origins of Students", Conference of Ministers of Education of European Member States on Access to Higher Education, Vienna, 20-25 November 1967, para. 98, pp. 51-52. (Passages in italics are underlined in the original text).

[2] I.L.O.: *Report of the Director-General: Youth and Work*, Report I (Part I), International Labour Conference, 44th Session, Geneva, 1960 (Geneva, 1960).

CHAPTER III

CONDITIONS OF LIFE AND WORK

Incomes are of such fundamental importance in determining conditions of life that I make no apology for having treated the subject separately in the last chapter. In the present chapter I shall be primarily concerned with the development of conditions of work in Europe in the past ten to 15 years. I shall deal first with occupational safety and health, the field which has been most directly affected by technical progress. I shall then discuss the regulation of work and rest, a field in which the influence of technical progress is being felt less directly.

I think it is necessary to consider also certain factors dependent on the "way", or "quality", of life, such as the social services and workers' housing, since these factors are of special concern to the I.L.O. The worker's living environment is exerting a strong, and in the most highly industrialised countries an increasingly disturbing, influence on his working life. One significant indication of this, among many others, is the fact that the Meeting of Experts on Conditions of Work in Urban Transport Services, which took place in Geneva in 1965 under I.L.O. auspices, was more concerned with the increasingly disquieting problem of urban traffic than with improvements in working conditions. When urbanisation is carried out, as it frequently is, in haste and without proper planning or the provision of adequate communal facilities, its consequences are often highly prejudicial to the worker's way of life. Some people even believe that these consequences offset all or at least part of the progress achieved in improving conditions of work. I am therefore convinced of the need to integrate policies relating to conditions of work more closely with a comprehensive social policy containing clear-cut objectives with respect to conditions of life, based on expected and desired improvements in conditions of work.

Labour administration provides the basic institutional framework for the protection and improvement of working conditions, and this subject is also dealt with in the present chapter. It concludes with a discussion of the special problems of young workers. Granted the need for a comprehensive and co-ordinated programme which integrates more closely the improvement of working and living conditions, such a programme should surely give priority to the interests of youth.

OCCUPATIONAL SAFETY AND HEALTH

Although adequate statistics are often lacking, it is true to say that both the incidence and the gravity of industrial accidents in undertakings are generally diminishing in most European countries. On the other hand, accident rates are now tending to find their level—though they may vary greatly from one country or occupational group to another or even from one undertaking to another within the same industry—and in some instances they are even mounting. Serious and fatal accidents are becoming much less common, however, mainly owing to recent progress in renewing and modernising equipment, scientific work organisation, the introduction of new techniques, improved safety precautions, and of course preventive measures. These last take account of such general factors as work organisation and methods, rising productivity, nutrition and public health standards, education and vocational training, the availability of human resources and, above all, the importance set by the community on basic human rights, especially the workers' right to life, health and welfare.

There is a growing awareness of the close connection between production, or productivity, and safety. The social environment also counts for much in the field of safety. Thus not only are more and more workers commuting daily but their homes tend to be situated at ever greater distances from their place of work, and motor transport is growing rapidly. As a result, a new hazard to workers has emerged in most of the highly industrialised countries, namely accidents on the way to and from work. Such accidents, which may be regarded as work accidents in the broad sense of the term, now total about 20 per cent. of work accidents proper and are becoming increasingly common. Surveys carried out in several European countries—including Austria, Belgium and the Federal Republic of Germany—have shown that accidents involving workers on their way home are generally more serious, one reason probably being fatigue after work.

Methods of industrial accident prevention are steadily improving in European countries in so far as they tend to take account of the "human" and not just the "technical" causes of accidents. The European Coal and Steel Community recently published the results of research into this problem.[1] One basic principle is to assign workers so that they can perform their tasks in the best possible safety conditions, account being taken of their physical and mental capacities. But technical factors too are still important, the guarding of machinery being one of the most effective measures. Safety techniques have developed to the point where it is now possible for all necessary safety devices to be incorporated in a machine at the design stage. (In a desire to have this practice applied as widely as possible the International Labour Conference adopted in 1963 the Guarding of Machinery Convention (No. 119) and Recommendation (No. 118)). Whatever technical progress may be achieved, however, continuous co-operation between management and workers is indispensable if good safety and health conditions are to be ensured.

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[1] E.C.S.C.: *Les facteurs humains et la sécurité*, Etudes de physiologie et de psychologie du travail, No. 1 (Luxembourg, 1967).

Owing to the increasing mechanisation of dangerous processes, the improvement of working methods and the use of the most modern techniques, many occupational hazards to health have also been eliminated or reduced. Occupational diseases formerly widespread are on the wane in certain European countries, and some are even disappearing altogether. The incidence of other occupational diseases is rising, however, because of greater recourse to certain substances and work processes and an increase in the number of workers exposed to risk. Occupational skin diseases are acquiring growing importance, while silicosis and the various types of pneumoconiosis in particular are still among the gravest occupational health problems which industry has to face. It is encouraging to see that in general the continuous efforts in recent years to combat pneumoconiosis in some of the most highly developed countries are beginning to bear fruit. The incidence of asbestosis and neoplasia due to the use of asbestos is rapidly increasing, however, both among workers and among people living near factories using asbestos. A great deal has still to be done in the field of dust prevention and suppression. The carcinogenic properties of certain chemical products increasingly used in industry and agriculture are also arousing deep concern. The I.L.O. is at present concentrating on this problem and studies are under way in several countries to find safer substitutes. Finally, the vast development of the nuclear energy industry and the massive increase in the industrial uses of radiation and radioactive substances have underlined the need for radiation protection. In 1960 the International Labour Conference adopted the Radiation Protection Convention (No. 115) and Recommendation (No. 114), and the International Commission on Radiological Protection has laid down new maximum permissible doses taking into account the genetic risk. The I.L.O. continues to give active attention to all these problems.[1]

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[1] In co-operation with the International Atomic Energy Agency and the World Health Organisation the I.L.O. organised symposia on radiological protection in nuclear materials mining and milling (Vienna, 1963) and on assessment of radioactive body burdens in man (Heidelberg, 1964). In the training field the I.L.O. has held regional courses in radiation protection in industry. Recently it published jointly with

(footnote continued overleaf)

In agriculture continuous progress in mechanisation and electrification and the widespread use of new chemical products have given rise to new occupational hazards to safety and health. In many countries safety and health measures are much less well developed in agriculture than in other branches of activity. Information, an awareness of the hazards, and standards specifically suited to agricultural work are still lacking, while the relevant regulations are still difficult to enforce in widely scattered agricultural undertakings and in many family undertakings.[1]

Industrial medicine itself must be adapted to meet the new needs arising out of changes in conditions of work and life, the growth of automation, and the use of new forms of energy. One of the salient features of its development is its growing preoccupation with prevention. Industrial physicians in the undertaking are not only performing their traditional function of exercising over-all supervision of the safety of working conditions but are also endeavouring to ensure the best possible adaptation of the individual to his work and vice versa, mainly by the evaluation and adaptation of jobs and by assigning the worker to tasks for which he is suited. Moreover, industrial medicine is increasingly coming to be regarded as a subject for specialisation.

Industrial health services have now been set up by law in 28 countries. In Italy and elsewhere Bills are being prepared. In many other countries, for instance the United Kingdom, such services were set up years ago on the initiative of management but they are still not compulsory. In some countries—for example Bulgaria, Czechoslovakia, France, Poland, Rumania, Spain, the U.S.S.R. and Yugoslavia—legislation on health services in undertakings dates back many years. Elsewhere, for example in the Scandinavian countries, basic principles have been laid down in co-operation with doctors', employers' and workers' organisations. Welcome legislation was enacted quite recently in Belgium and the Netherlands on the establishment of health services in undertakings.

One of the most important needs today is to extend health services to small undertakings—still common in all countries—and to further branches of activity, such as offices, agriculture, forestry and transport. A joint I.L.O.-W.H.O. seminar was held in Dublin in 1961, with the

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the I.A.E.A. a new code of practice entitled *Radiation Protection in the Mining and Milling of Radioactive Ores* (Geneva, 1968); this constitutes Part VI of the I.L.O. *Manual of Industrial Radiation Protection* and No. 26 in the I.A.E.A. Safety Series.

[1] In 1964 an I.L.O. meeting of experts drew up a detailed code of practice on safety and health in agricultural work (I.L.O.: *Safety and Health in Agricultural Work* (Geneva, 1965)). A guide on safety and another on occupational health in agriculture are at present in preparation.

assistance of the Irish Government, on suitable ways of setting up such services in small factories. One solution is to encourage the organisation of small industrial undertakings in groups for which common services can be established. In one way or another, medical services should be available to all undertakings of whatever size.

Interesting developments have occurred in the field of ergonomics, a subject always in step with the march of technical progress. Its original purpose was mainly to reduce arduous physical exertion and improve the trying environmental conditions once prevalent. With greater mechanisation and automation, increasingly frequent and diverse demands are being made on the worker's mental and physical faculties—sometimes well beyond normal human capacity—and he is becoming a non-manual operative integrated into technological systems of growing complexity. The study of ergonomics therefore seems vital to ensuring a balance between the various elements in the system by discovering the limits to man's capacity to adapt. Corrective ergonomics has thus given place to systematic or conceptual ergonomics. The subject is now being widely studied throughout Europe and the I.L.O. is taking an active interest in it.[1]

WORK AND REST

General conditions of work in Europe have been considerably improved since 1950 through legislation, collective agreements and changes in national practice. In some cases, for instance with regard to hours of work and annual holidays, collective agreements have occasionally moved ahead of legislation. However, there has on the whole not been as much progress as would have been desirable towards the attainment of the same conditions of work and life in agriculture as in other sectors of the economy.

In most European countries a movement to reduce hours of work —without loss of income or even with an increase in income—began around 1955-56. Standards cannot easily be set as high in the developing countries of the region as in those that are more industrialised; for example, the 1967 Labour Act in Turkey sets statutory hours of work at 48 a week. However, there is a distinct general trend towards reducing weekly hours to 40 or less. The 40-hour week remains a major union demand in Western Europe. In 1955 the length of the normal working week in the great majority of European countries was 48 hours and now the corresponding figure varies between 42 and 45. In over a dozen countries better standards are, or soon will be, prevalent. In Finland recent legislative measures to introduce the 40-hour week were preceded by a collective agreement which provided for the general introduction of the 40-hour week in all occupations during the period 1966-70. In the United Kingdom the 40-hour week is now the rule for half the manual workers covered by collective agreements, and in the Federal Republic of Germany the 40-hour week has been adopted in some sectors. The 40-hour week is the target to be attained by 1970 in Denmark, and in the U.S.S.R. it is proposed to bring in the 35-hour week in the 1970s.

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[1] The I.L.O. held in 1967 in Prague, in co-operation with the Medical Society of Czechoslovakia, an international symposium on "Ergonomics Applied to the Design of Machinery" and in 1968 in Rome, together with the E.N.P.I., an Italian organisation for accident prevention, an international symposium on "Ergonomics and Physical Environmental Factors".

In a large number of countries progressive reductions of normal hours of work are being implemented or envisaged. A method often adopted is that of reduction by sectors, whereby shorter hours are introduced progressively for certain categories of work or persons. In most countries hours of work are reduced in successive stages for all occupations. In the socialist countries of Europe hours have been gradually reduced by stages in various branches of the economy. In the U.S.S.R. weekly hours were first reduced from 48 to 46 by a shortening of the working day to six hours on days before weekly rest-days and holidays; in 1960 the normal working day was reduced to seven hours thus giving a working week of 41 hours. There has been special emphasis on reducing first the hours of workers in strenuous or hazardous occupations: several categories of such workers throughout Eastern Europe have a working week of substantially less than 40 hours.

A significant aspect of the reductions in several countries has been the clear preference shown by workers for a greater number of days off (either through the five-day week or through averaging) rather than a shorter working day. In Denmark, for example, a nine-hour day was accepted in order to obtain a five-day 45-hour week. The trend towards the five-day week has been evident in most of Europe; it is already fairly widespread, notably in France, the Federal Republic of Germany, the Netherlands, Switzerland, the United Kingdom and the Scandinavian countries. Among the socialist countries, Bulgaria, Czechoslovakia and the U.S.S.R. have introduced or have begun to introduce it. A second change in the distribution of hours—which is due to the regrouping of weekly hours, the growth of shift work and transportation problems—has been the increasing adoption of the short lunch break.

There are, nevertheless, certain major categories of workers for whom the normal working week is still exceptionally long. Some categories are often deprived of any protection regarding hours of work, namely employees in managerial posts or engaged in a confidential capacity, establishments where only the members of the same family are employed and certain occupations which are not covered at all. For some classes of workers, upper limits have been fixed; and for others, the working day involves a long spreadover not all of which is counted as working time. This is often the case for workers in the retail trade (particularly in small shops), occasionally for those employed in transport and construction, and very frequently for those in hospitals, hotels, restaurants and other service establishments. Although in some of these occupations work is not continuous and there are periods during the day when the worker is required only to be present, the physical and mental fatigue he incurs are not for that reason necessarily lower, and, in any event, the amount of time he must devote to his work is abnormally large.

Actual hours worked are determined rather by the economic situation than by the level of normal hours. Aggregate averages of hours actually worked in manufacturing are often higher than the general level of normal hours; actual hours in the food industries, paper manufacturing, printing and publishing, the metal trades, mining and quarrying and especially transport and construction, to name only a few, have in several Western European countries consistently approached or exceeded 48, often exceeding 50 or even 60. Normal hours in such cases serve mainly as a basis for calculating remuneration. In France, where the 40-hour week has been the legal standard since 1936, and in the United Kingdom, where the 40-hour week is rapidly tending to become the general standard, extensive use of overtime is also well established. Recent French legislation has reduced the total hours of work permissible to, with certain exceptions, an average of 54 over 12 weeks, with no more than 60 in any week. The return to an effective 40-hour week without loss of pay has been a persistent union demand. In the United Kingdom the offer of regular overtime both to attract and hold workers and to meet production needs has been noted in certain areas and industries. In such cases overtime has come to be regarded as an acquired right, and overtime pay has come to form a significant part of the total remuneration.

While overtime is sometimes defended as a means of coping with fluctuation in demand without carrying an excessive labour force, it has also often been cited as a conspicuous example of the inefficient use of manpower. The limitation of the use of overtime to circumstances of really urgent need has been one of the objectives of many "productivity agreements" concluded in recent years. Regular overtime cannot easily be defended, unless there exists a free choice between leisure and income. It is hardly so when pay rates are inadequate and—this is particularly important in Western Europe—when consumption patterns based on the increased use of credit facilities are such as to require regular overtime income. When in addition total hours worked are substantially and consistently above 48 per week, elementary standards on hours of work and weekly rest become meaningless. Last but not least, when overtime earnings regularly constitute a significant part of the worker's remuneration, he becomes particularly vulnerable to effective pay reductions during slumps.

Two important considerations can have a bearing on the problem of reducing hours of work. The first of these relates to unemployment. The reduction of working hours is often called for, especially by workers' organisations, as a means of preventing or reducing unemployment. In fact, however, the relationship between working hours and unemployment is much more complex than this argument would suppose. I would only note here that the question has received considerable attention in several countries, including France, the Federal Republic of Germany and the United Kingdom. The second consideration, which goes beyond working hours in the true sense of the term, is that in practice, because of housing and transportation difficulties, the time actually devoted to work may actually increase. The return journey to and from work can represent as much as three hours a day. It may therefore be that, in spite of the reduction of working hours, leisure time has not increased as much as is generally supposed. This can be all the more unfortunate since, with the accelerated pace of work in certain industrial processes, for example, and with the nervous tension resulting from the supervision of automated machinery, workers may need more opportunities for relaxation than in the past.

Unquestionable progress has been made, however, as regards another form of leisure, namely annual holidays. In 1952 the most common basic annual holiday in Europe was two weeks; it was only one week in several countries and three weeks in only two countries. Today, a holiday shorter than two weeks is very rare and one longer than two weeks quite common. In eight Western European countries the general standard is three weeks, and in three others, France, Norway and Sweden, four weeks. At the same time there have been notable improvements in other holiday conditions, such as increases with length of service, increases with age, liberalised qualifying period requirements and supplementary pay. For annual holidays as for hours of work the main factors have been rising productivity, greater prosperity and an awareness of the increasing stress involved in modern industrial life. Workers often express a preference for longer annual holidays rather than reduced hours of work since this enables them to enjoy greater leisure. Much of the progress in this respect has taken place in the present decade and there is every likelihood that this trend will continue: the goal of a four-week holiday is becoming more and more widely pursued.

The lengthening of annual holidays has followed a somewhat different pattern in Eastern Europe. While general increases have taken place—notably from 12 to 15 working days in the U.S.S.R.—the emphasis has been on long holidays as a protective measure. Thus the length of the holiday has to some extent been linked to the nature of the job, with professional and technical workers and workers in arduous, dangerous or unhealthy jobs getting holidays substantially longer than the general minimum. Recent labour laws in Hungary and Yugoslavia have simply laid down wide limits for holidays, giving the undertaking considerable discretion in determining each worker's entitlement.

In agriculture the regulation of work and rest applies mainly, of course, to wage earners. In fact, this sector remains one where, because of the very nature of the occupation, hours of work are often longer than the normal standards applied in industry, above all for owner-cultivators, tenants and share-croppers, who have to work very long hours and have practically no free time at certain periods of the year. Furthermore, their hours of work are not, except possibly for share-croppers in some countries, subject to the statutory limitations laid down in the labour laws for the protection of wage earners in agriculture. In addition, in certain regions, and in particular in depressed agricultural areas and mountainous regions, underemployment is often more frequent than "overwork", even over very long periods of time. The persisting disparity in conditions of work, as in income, between agriculture and other economic sectors is a major factor encouraging migration from rural areas, above all among the young.

The conditions of wage earners in agriculture in Europe have improved notably, however, in the course of the last few decades. Whereas before 1940 their weekly hours of work averaged between 54 and 60, they now average between 45 and 48, although there are countries, such as Hungary and the Netherlands, where they do not seem to have fallen much below the pre-war level. On the other hand there are some countries, such as Italy and the United Kingdom, where agricultural workers, who now work an average of 45 hours per week, already had comparatively short weekly hours (48-50) before the Second World War. In Sweden, the U.S.S.R. and Yugoslavia hours have fallen to little over 40 a week. It should be noted that in the U.S.S.R. the workers on state farms work the same hours as industrial workers. The length of the working day in collective farms is fixed by the general meeting of their members for each period of agricultural work; hours of work average approximately eight a day over the year.

In agriculture annual holidays with pay before 1940 ran from one to eight days, except in such countries as France, Poland and the U.S.S.R., where they ranged from ten to 15 days. They now seem to run to between 12 and 24 days on the average, although in Italy the minimum is fixed at ten days, with a maximum of 30 days in Finland, Poland and Yugoslavia and four weeks in Czechoslovakia. There are considerable variations within that range. In the U.S.S.R. the Charter of the Agricultural Co-operatives grants the members of collective farms annual leave with pay; the actual length of the vacation may differ from one collective farm to another depending on the season, the wealth of the farm and other factors.

The reduction of working hours can lead to an increase in the time available for education rather than for leisure. Educational leave, a highly topical notion in many European countries, is today thought of as a means of promoting higher standards of workers' education and qualifications and of increasing the opportunities for social development. Such leave enables organisers and members of youth movements to obtain training, union leaders and representatives to improve their trade union, social or civic training, apprentices to supplement their in-plant training with theoretical and practical instruction, and workers already in employment to undergo advanced training. As for its economic advantages, by combining education with productive work the countries of Eastern Europe have been especially well placed to bear the financial burden of making such education available to all sections of the community.[1] In Western Europe educational leave forms the subject of many current studies, in particular one by the Council of Europe. Even where the most generous provision has been made the needs are still far from being fully met. In 1965 the International Labour Conference adopted a resolution concerning paid educational leave, and the Office, which has already published a series of articles on the subject, is vigorously pursuing its research with a view to the possible adoption of a standard-setting instrument.

As far as the adjustment of working hours is concerned, the development of shift work, particularly of continuous shift work, and its spread to new industries and activities such as office work, where it used to be unknown, are having far-reaching consequences—both positive and negative—for the individual. The most obvious benefits of shift work are the higher pay and the often shorter normal hours which go with it, although even where the average per week over several weeks is low, hours in certain weeks can be extremely high; in addition, because shift work makes it possible to use machinery fully, overtime is often reduced or eliminated. Other advantageous conditions frequently cited are more days off, more long week-ends and more free time during daylight hours. But the disadvantages are clear enough: severe impact on the family and social life of workers and disruption of normal sleeping and eating patterns leading to psychological disturbances and physical complaints. These drawbacks are compounded by inadequacies in housing, transport and other facilities. Various measures can, of course, be taken to mitigate their harmful effects and a certain amount of imagination and effort has been expended by industry in this direction.

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[1] "Access to Higher Education from the Point of View of the Social, Economic and Cultural Origins of Students", op. cit., para. 99, p. 52.

In spite of a large number of difficulties (shortage of adequate manpower, higher labour costs, increased maintenance problems, frequent difficulties in labour relations, difficulty of control and supervision and basic organisational problems), the demand for shift work has been strong enough to lead to the modification of protective laws or to greater flexibility in their application in several countries in order to meet problems of organisation. Such problems are indeed particularly acute when legislation restricts the use of continuous shift work or, as is very common, restricts night work for women.

One form of job organisation, part-time employment, is of growing concern to European workers. Although part-time employment dates back many years in some occupations, what is new is an attempt to extend it to normally full-time occupations so as to enable mothers to devote more time to bringing up their children without breaking altogether with their occupation or losing the benefit of many years' experience. For reasons that are well known, this attempt is meeting with some resistance from workers and, to a greater or lesser extent, from management. Perhaps greater headway might be made in dealing with the problem if it were looked at more in the context of general social development. Part-time employment can, it is true, be useful to mothers anxious to improve or at least preserve their occupational skills. It can also, however, enable workers to complete their education, give students the wherewithal to maintain themselves, and provide many workers "in transit" between two full-time jobs with a means of support and a chance to increase their job experience or even to follow advanced training. Thorough research to determine the jobs most suited to part-time employment would therefore be invaluable in all countries. Another need is to prescribe appropriate conditions of service for part-time workers which will grant them safeguards and advantages comparable to those enjoyed by full-time workers.

Developments in Europe in the regulation of conditions for women workers reflect the changing nature of their work and a growing anxiety lest the application of measures designed for their protection should involve discrimination against them. This is to be seen, for example, in the problems arising from the growing recourse to shift work. Some contend that the prohibition of night work is discriminatory in that it deters industries employing shift workers from engaging women. In some countries, for example Finland, the prohibition has been temporarily repealed in some branches—textiles and woodworking—to enable women to work on night shifts. In Belgium the rules governing the application of the prohibition have been made somewhat more flexible for the same purpose. The idea now gaining ground is that night work should be prohibited for all. Thus in Sweden the prohibition of night work for women has been replaced by provisions entitling adult workers of both sexes to a rest period between midnight and 5 a.m., unless engaged in operations which because of their nature must continue during that period. This problem is being studied in several countries. In the United Kingdom, for example, systematic research is being carried out into the appropriateness in modern conditions of the provisions of the Factories Act of 1961 concerning the employment of women and young workers.

The special regulations concerning women workers generally in force in European countries include such measures as the prohibition of underground work, restrictions on night work or its prohibition, the stricter regulation of overtime for women than for men, restrictions on physically arduous work, more generous provisions concerning annual leave, and maternity protection before and after confinement.

The most rapid development in Europe in recent years has undoubtedly been in the field of maternity protection. Several countries have adopted new standards—for example Belgium, the Federal Republic of Germany, Italy and Switzerland. Others—for example Austria and France—have raised existing standards. In many European countries maternity protection has been extended to new categories of women workers, especially to those employed in agriculture, although—despite the progress achieved to date—in some countries women workers in agriculture are still not properly protected.

In the last five years several countries have adopted new legislation lengthening the period of maternity leave. The standard of 12 weeks' compulsory leave is now exceeded in most European countries, especially in Eastern Europe. The duration of maternity leave is 120 days in Bulgaria, 112 in Byelorussia, Rumania, the Ukraine and the U.S.S.R., 22 weeks in Czechoslovakia and 105 days in Yugoslavia. In most cases this increase in the period has affected only postnatal leave. Such leave has been increased to eight weeks in Belgium and the Federal Republic of Germany. There is even a new trend—to be seen, for example, in

Austria, Czechoslovakia and France [1]—for women to receive on request a longer period of postnatal leave without pay. In Hungary a recent decree on child welfare provides that a woman worker, following her 20 weeks of paid leave, need not resume work until her child is 2½ years old and may receive a generous monthly child benefit.

Apart of course from social security provisions, which are not dealt with here, maternity protection includes special measures for the organisation of working conditions so as to safeguard the health of the mother—before and after confinement—and of her child. In several European countries nursing mothers are entitled to special rest periods. These are sometimes, though not invariably, laid down by law. Under legislation in some countries, such as Sweden and Switzerland, they are fixed by the employer, in agreement with the woman worker concerned, or by regulations in the undertaking. In other countries—for example Finland, Iceland, Ireland and the United Kingdom—there are no formal protective measures authorising the woman worker to interrupt work for the purpose of nursing her child. In most countries any interruption for that purpose is reckoned and remunerated as work. During pregnancy and after confinement women workers enjoy special protection in the form of prohibition of night work, the regulation of overtime, and the prohibition of certain kinds of work. In several countries women regularly engaged in work recognised as unhealthy may be transferred without reduction in pay to another job not harmful to their health.

Quite frequently married women workers are granted facilities such as special leave or work schedules to enable them to discharge their family responsibilities. Since, however, the grant of such special privileges might impair their employment prospects in some countries, the real solution seems to lie mainly in the general reduction of working hours and possibly in the development of part-time work. Such a reduction would not only make it less arduous for women, especially mothers, to combine their occupational and domestic duties but would also enable fathers to play a more active part in the bringing up of their children and the running of the household.

WELFARE FACILITIES AND HOUSING

Another significant trend throughout Europe has been the improvement of physical conditions at the workplace. As far as basic amenities—sanitary facilities, drinking water, etc.—are concerned, adequate standards are generally laid down by legislation, and conditions nearly everywhere in Europe are—or, as new plants are constructed, are becoming—acceptable. What is relatively new is the attention being paid to improving the working environment in a positive rather than a merely protective sense. Greater comfort, better environment and the application of ergonomics have all contributed to a remarkable improvement in factory conditions in a number of undertakings with progressive managements. However, it is only in quite recent years in many countries that the authorities have become aware of the need for a corresponding improvement in physical working conditions in shops and offices; within the past ten years several countries have enacted, for the first time, legislation imposing obligations in respect of health measures and the provision of amenities on occupiers of shops and office premises. Another encouraging trend has been the growing awareness that the worker's psychological well-being is no less important than his physical health. This has been manifested in several European countries in the development of social work in the undertaking. A comparatively recent trend is the professionalisation of social work in general and of social work among employees in particular.

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[1] The recent French law, which among other things protects accrued rights for a period of one year in case of re-employment, has met with some criticism on the ground that it deters management from recruiting married women.

Certain other trends in the provision of services and welfare facilities by the undertaking have emerged in response to changes in standards and patterns of living. For instance, in several Western European countries changes in the pattern of working hours—notably the reduction of the midday break and increasing resort to shift work—have highlighted the importance of employee. catering services. Consequently, works canteens providing good quality meals at heavily subsidised prices are now a feature of the industrial scene in several countries where until some ten to 15 years ago they were the exception. In certain countries of Western Europe where works canteens have long been established as a service to workers, for instance in the United Kingdom, their number also continues to increase. In the countries of Eastern Europe, in accordance with government and trade union policy and with the object of helping to improve the workers' nutritional standards, subsidised meals are available to all workers, either in their own or in an adjacent factory with a canteen open by agreement to the workers of nearby undertakings.

Certain amenities and facilities designed to enable workers to pass their leisure hours in cultural pursuits or recreational activities have customarily been provided by large undertakings in many industrialised European countries. In this domain patterns established some two decades earlier are tending to become stabilised in certain countries, while in others changes are taking place. Thus there are countries—for example France and Eastern European countries—where the cultural and recreational life of workers is closely associated with their employment or their trade union, while in other countries there is a trend away from company-financed facilities and workers tend to organise their own recreational activities. For example, employers in certain countries formerly had welfare programmes which enabled workers to spend their holidays in holiday homes owned or subsidised by the company; because such facilities are poorly patronised by their workers, some prefer to encourage the provision of facilities for the community as a whole by grants or donations to local clubs, while others sometimes open their own facilities to the local community.

For reasons that are well known the replacement of company facilities by community ones is in general a welcome trend. However, I should stress the importance of giving a higher priority to the development of community facilities to help working mothers to discharge their family responsibilities. In all countries emphasis is placed on the need to extend the network of day nurseries, kindergartens and family-help services, and thought is being given to the possibility of making women's life easier by improving the organisation of distribution, cleaning and food-supply services and an adjustment of shop closing hours. Because of the steadily increasing employment of mothers, the shortage of day nurseries and kindergartens is becoming more serious in many countries, even those such as Czechoslovakia and the U.S.S.R. where considerable progress has been made in providing such facilities in recent years. A survey carried out in 1967 showed that in France there was an average of one day nursery for 90,000 inhabitants, while in Sweden the ratio was one for 10,000 inhabitants, which corresponds to the W.H.O. standard. In the northern countries there is a quite varied network of facilities for the children of working mothers. In most countries there are two main obstacles to the establishment of such institutions: the shortage of staff and money.

Outside the working environment, one of the cornerstones of a welfare system is decent housing, yet this has been in seriously short supply in all parts of Europe. Extensive construction during the 1950s provided relief from the desperate scarcity of the post-war years, but the quantity and quality of housing have remained inadequate in almost all countries and grossly so in several. More than a dozen still suffer from a general shortage; many of the others have large numbers of buildings that are old and decrepit; and all must contend with inequities between different areas and population groups. Progress has been slowest where it has been most needed—in the least industrialised, least prosperous sections of the region—and in some respects conditions have actually worsened over the last few years. Throughout Europe the movement to the towns has placed heavy stresses on urban areas, leading in the worst cases to the appearance of shanty towns on the fringes of large cities. In the cities themselves decaying neighbourhoods, rising costs and declining residential capacity under the pressure of demand for commercial space have made decent housing at reasonable cost extremely scarce: several cities have presented the spectacle of numerous luxury apartments remaining empty at times of acute general shortage. In rural areas, too, housing is generally inadequate; more often than not, buildings are old, lack basic amenities and do not provide proper separation of human beings from animals.

The stresses of urbanisation are likely to be reinforced by changes in the structure and living habits of the population. Life expectancy is rising, the average marriage age is falling, and the generation born after the Second World War is reaching adulthood. In European industrial societies these tendencies will undoubtedly lead to greater demands for separate housing for the young, including the unmarried, and the old. For young people, finding housing of appropriate size and at a reasonable cost is already difficult in most European countries, a difficulty that is likely to be more and more deeply felt as standards and expectations rise. For the old, with their special needs and low incomes, finding any decent accommodation is often desperately hard.

No less urgent, though limited ironically to some of the richer European countries, are the housing problems produced by migration from southern Europe, Africa, Asia and the Caribbean to the north and west of Europe. Different in nationality and way of life, inferior in social and economic status, victimised by discrimination, unfamiliar with procedures, excluded from the political process, and anxious to save or send home as much of their earnings as possible, foreign workers have often found themselves in housing not only far below the standards of the host country but below any reasonable standards at all. Housing provided by employers has generally consisted of hostels, often of good quality but occasionally nothing more than old huts without amenities. For immigrants wanting their families to join them the difficulties have been practically insuperable. Family housing provided by employers has been rare, commercial housing out of reach because of cost and discrimination, and public housing difficult to obtain because of waiting lists or other administrative obstacles, if not direct restrictions.

All of the labour-importing countries have, nevertheless, made some efforts to help immigrants. By imposing stricter standards, by granting subsidies, by carrying out more rigorous inspection, by requiring employers to guarantee housing to their foreign workers, and by concluding bilateral and multilateral agreements to prohibit official discrimination, they have eliminated the worst abuses. But such measures have applied largely to formally recruited workers, doing little if anything for those entering on their own, or for families. Similarly, while considerable improvement has taken place in housing provided by employers, workers not formally recruited, workers in small establishments and workers' families have not benefited from such facilities.

In the past, public housing policies in Western Europe have ranged from improvised programmes concentrating limited resources on specific, immediate needs, through deliberate reliance on private capital with the government playing a residual role, to the assumption by governments of primary responsibility, through both direct and indirect action, for planning, construction and distribution. All of these approaches continue to be used, but the trend is clearly towards the third. In the socialist countries, where wartime destruction, population growth and rapid industrialisation have created particularly severe shortages, housing has long been a major government responsibility and a basic element in economic and social planning. Governments have encouraged private and co-operative building—with particular stress on the latter—not only because they offer faster and more flexible ways of obtaining housing than through local authorities but also—and this is a preoccupation common to Eastern and Western Europe—because they enable the State to focus its efforts where the need is greatest.

The I.L.O. has always shown active interest in seeking a solution to the problem of housing—and in particular of workers' housing. It has stressed, *inter alia*, the advantages of co-operative methods in this respect.[1] Different types of housing co-operatives have developed in Europe. The Scandinavian countries provide the most interesting model in this respect; co-operative systems there have given very satisfactory results. Building credit co-operatives have made a noteworthy contribution to the housebuilding industry in some countries, particularly in the United Kingdom. Tenants' co-operatives have thrived in France, in particular during the past few years. Every day it is becoming clearer in Europe that co-operative housing forms a well-defined sector of its own, having its special features and problems and having developed its own specialised methods and activities. This is also a field in which European experience can be of particular value for developing countries.

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[1] I.L.O.: *Housing Co-operatives*, Studies and Reports, New Series, No. 66 (Geneva, 1964).

LABOUR ADMINISTRATION

Until recently, the immediate role of governments in the management of labour affairs was the protection of the worker and of his basic rights as a human being. Today, the objectives of social policies are broader and are concerned not only with the protection of the worker but also with the promotion of his moral and material welfare. Labour problems permeate the whole range of economic and social policies at the national and international levels. However, labour administration is far from being as fully utilised as it should be as an instrument for social and economic policy-making. Labour departments or equivalent institutions remain weak in most of the industrialised countries of Europe and often neglect the rural sector.[1] Occasionally their functions have been enlarged and their staff and material resources correspondingly increased but their prestige and their influence within the machinery of government are still in many cases determined by their limited earlier role. It would seem that the establishment of more effective patterns of labour administration needs to be given high priority in any programme of administrative reform.

Although most departments of labour in European countries are already well aware of the role they could and should play in the formulation of better-integrated national policies, further changes are essential in the scope, functions and methods of the traditional labour administration system. There are compelling social and economic reasons for this. Departments of labour will inevitably have to play a major role in economic and social planning. They will need to develop methodologies through which they can help master the series of factors involved in change and thus play a dynamic role as agents of change within the governments as well as in society at large. All of this is unlikely to be achieved if their role continues to be regarded as consisting essentially of tasks such as labour inspection in the traditional sense of the term.

However, even in the exercise of their enforcement tasks, departments of labour almost everywhere in Europe now in fact already play an important advisory role, not only in the machinery of government but also in their dealings with employers and workers. Many government labour inspection services in Europe already possess a moral authority stemming from the technical knowledge of their staff, and there is abundant evidence of the advantages that can be secured through advice based on such knowledge for the improvement of conditions of work. This advisory function also facilitates the gathering and processing of valuable information, on which government policy-makers necessarily rely. The future value of a labour inspection service may lie very largely in its role as a "feed-back" device in a process of two-way communication to and from the workplace. To develop that role there is a need to evolve more effective means of surveying and identifying social problems. More emphasis should be placed on the advisory and informative functions of labour inspectors, and on the reorganisation of their services, which in many countries at present lack appropriate units for the study and collation of the information acquired through direct contact with the workplace and with management and labour.

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[1] This year's session of the International Labour Conference had a first discussion of draft instruments concerning labour inspection in agriculture. The Committee of Ministers of the Council of Europe had previously proposed that the I.L.O. should consider the possibility of adopting an international instrument in this field.

Experience indicates that the labour inspection service can be relieved of certain tasks that can be performed just as effectively by, for instance, special joint committees at the factory level operating under the supervision of labour inspectors. There is an increasing and spontaneous readiness on the part of employers and workers to accept the principles embodied in labour legislation, which has made significant progress from the original rudimentary regulation of hours of work to the present increasingly complex promotion of security of employment; and this has been accompanied by the development of social security schemes, labour courts, union counselling services, and in some countries, professional services rendered by private labour consultants whose activities, appropriately supervised by departments of labour, can be of considerable assistance in improving knowledge of and ensuring respect for the complicated and extensive range of legal provisions in the field of labour. Many examples already exist, in both Western and Eastern Europe, of a fruitful association between departments of labour or inspection services, on the one hand, and trade unions or workers' delegates, on the other, in the administration of labour laws. Earlier this year the I.L.O. held an inter-regional seminar to study labour inspection in the U.S.S.R., a country where that function is partly a trade union responsibility. There may be scope for extending the direct participation of labour and management in such tasks as the enforcement of labour standards, the administration of social security schemes and training programmes and the performance of placement functions, as well as in the identification of new subjects deserving the attention of the authorities. When it is possible to delegate such routine functions, the government labour inspection service can easily be used to develop the role of the department of labour in social and economic planning; and even where that might not yet be considered advisable, the service will have an opportunity to concentrate on sectors such as small-scale industries, commerce and above all agriculture, where labour standards and conditions of work are still far from satisfactory.

All the foregoing actual and proposed changes raise personnel problems. The chief among them is the need to make full use of the specialised staff already available in departments of labour and to recruit other specialists from outside the service. The experience of some European States shows that it is possible and highly advisable, if the labour inspection service is to make full use of its existing resources, that proper incentives should be provided to maintain the interest of senior labour inspectors in their task and career. Similar incentives may also need to be provided to ensure that highly specialised staff such as physicians, psychologists and engineers are encouraged to become more familiar with and keep in touch with the whole modern approach to labour affairs.

The I.L.O. is in a position to help governments and workers' and employers' organisations in their search for a new pattern of labour administration. Comparative experience is most valuable in this connection and the I.L.O. is contemplating the preparation of a series of studies on different kinds of machinery already existing in developed countries to deal with labour problems. The findings of these studies could be submitted to a subsequent inter-regional seminar which would provide an opportunity to compare the patterns and experiences of labour administration in socialist and non-socialist countries. The institutional problems resulting from regional economic integration and, in particular, the need for a proper distribution of responsibilities between regional institutions and national labour administrations, together with the problems involved in adopting a common approach to social policy, also deserve careful study. The I.L.O. has already started comprehensive studies on the role of labour administration in the planning and executing of social policies, and expects these studies to be of concrete help to its European member countries in a task which is still as important as it was in the middle of the last century—the effective management of labour affairs by the State.

THE NEEDS OF YOUTH

My report to the International Labour Conference in 1960 included a discussion of the basic problems of youth.[1] The same problems still face us today, and nowhere more acutely than in Europe, where the expectations raised by technical progress and by the advent of the so-called affluent societies have sometimes been cruelly disappointed. This is all the more disturbing when compounded in several countries with the discontent resulting from the enforced idleness of a growing number of young people of employment age.

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[1] *Youth and Work*, op. cit.

In many European countries youth is today going through a crisis far more severe than the usual difficulties involved in the transition from adolescence to maturity. One symptom of this crisis is the rise in the number of young people who are socially maladjusted—not just delinquents but all those young persons who prove to be particularly vulnerable to the revolution in social and occupational structures and to the rapid pace of urbanisation and industrialisation which is causing population displacement and deep social disruption. One sign of unrest was the recent widespread outbreak of protest and revolt among young people in several European countries. In many cases these protests were directed not only at the educational system and employment policy but at the whole social system, which was held responsible for denying young people the scope which they wanted for initiative, participation and discussion and the facilities for cultural and social development to which they considered they were entitled. This outbreak in some instances brought together young people of widely differing backgrounds—students, workers, and young people from urban and rural areas.

Some progress has been achieved in Europe in the social protection of young people. Although the minimum age of admission to employment still stands at 14 years in certain countries, by 1960 it was already 16 in several Eastern European countries—Bulgaria, Byelorussia, Poland, the Ukraine and the U.S.S.R. Schooling must generally be completed before admission to employment, and the aim is to link as far as possible the raising of the school-leaving age with that of the minimum age of admission to employment. The two do not yet coincide, however, in all countries. It should be observed that in one country the proposed raising of the school-leaving age had recently to be postponed. In less affluent countries, of course, young people still quite often enter employment at too early an age. The survival of child labour has been repeatedly condemned, for example in Italy where a recent estimate put the number of children under 15 years obliged to work for their living at nearly half a million.[1] At the last population census in Greece 18 per cent. of all children between 10 and 14 years of age were included in the working population.[2] According to the 1960 census in Portugal over

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[1] *Iniziativa Giovanile*, Special number: *X Congresso Nazionale di Gioventù Aclista*, March 1967, Anno VI, p. 23.

[2] National Statistical Service of Greece: *Statistical Yearbook of Greece, 1967* (Athens), p. 126.

192,400 children in the same age group were classed as being in employment.[1] As a rule European countries have prescribed a higher minimum employment age for arduous work or work dangerous to the life, health or morals of young people. The age limits in force for such work range from 16 to 18, and in some cases 20 or 21 years. Higher age limits are sometimes laid down for the employment of girls in such work.

Other measures for the protection of young workers include the requirement of medical examinations on admission to employment, followed by regular medical check-ups. There is also a trend in many countries to strengthen regulations governing night work by young people. In most of them such work is forbidden below the age of 18, in others below 16. Table VII shows the state of ratifications, at 10 September 1968, of I.L.O. Conventions relating to the minimum age of admission to employment, night work and the medical examination of young persons.

Mention should also be made of legal protection in the form of shorter working hours, longer holidays, special rest periods, vocational training facilities, and the like. In several countries normal working hours for young people are reduced to five or six per day, or 30 or 36 per week. Thus normal working hours are 36 per week for persons under 16 in Czechoslovakia and for persons from 14 to 16 in Poland and Rumania, and six hours per day for persons between 16 and 18 in the U.S.S.R. In some cases—for example in Cyprus—different standards apply to different industries. A ban on overtime by young workers is also common. Under legislation in many countries they enjoy longer annual leave—for example 24 working days in Albania, Austria and the Federal Republic of Germany, a month in the U.S.S.R., and 44 calendar days in Poland. The age up to which workers are granted such leave varies from 16 to 18 years. Although commonly longer than basic leave, leave granted to young workers is still far from being really adequate to their need for self-fulfilment. Legislation seldom prescribes the weekly rest period of two consecutive days required under the Weekly Rest (Commerce and Offices) Recommendation, 1957 (No. 103), for workers under the age of 18. Shorter working hours for young people do affect their weekly rest, however, and there is a five-day working week in some industries in many countries. Young workers are also generally not subject to temporary exemptions from legislation relating to weekly rest and hours of work.

It is clearly not possible here to go into every aspect of the question of protection of young workers, let alone give a detailed account of their position. A great deal has certainly still to be done to ensure that young people everywhere enjoy working conditions which really meet their need for physical and intellectual self-fulfilment. I find significant, for example, the recommendation addressed by the Commission of the European Economic Community on 31 January 1967 to the member States of the Community. In that recommendation the Commission drew attention to the importance of extending protective measures to cover all young workers, in whatever branch of activity and whatever the nature of their employment contract; of respecting much more fully the minimum employment age of 15 years and endeavouring to raise it appropriately as the school-leaving age goes up; of regulating the conditions of work of young people, taking into account the need for adequate vocational training, and of ensuring that they are under continous medical supervision; of protecting them from the increased dangers to their safety and health; of providing effective supervision of the application of protective measures; and, generally, of progressively standardising the protective measures adopted on behalf of young workers within the Community. The Council of Europe is at present drawing up a European statute on young workers, and the I.L.O. has undertaken to co-operate fully in this work, which may lead to the adoption of higher standards than those embodied in international labour Conventions.

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[1] Instituto Nacional de Estatística: *X Recenseamento Geral da População*, Tomo V, Vol. I, "Condições Perante o Trabalho e Meio de Vida", pp. 2-3.

What may be described as the I.L.O.'s own " Youth Charter " is contained in the resolution adopted by the International Labour Conference at its 27th Session in 1945 concerning the protection of children and young workers. The resolution sets out the conditions required to provide proper maintenance for children, to promote their full development and to foster their talents and aptitudes. These conditions include not only protection and the provision of social services for the young themselves but corresponding measures on behalf of their mothers and families. It stresses the special needs of homeless children and of children and young persons with physical or mental handicaps. It reaffirms the need to ensure equality of educational opportunities as a necessary condition for equality of vocational opportunity. In particular, it lays down the principle that the continued education of young persons should be required until the age of 18 in the form of part-time training for those in employment, suitable arrangements being made to permit young workers to pursue their general and technical education. The resolution urges the gradual raising to 16 years of the minimum age of admission to employment, accompanied by simultaneous measures for assuring the maintenance of the children and for organising compulsory education until at least the same age. It lays down the principle that young persons, including unpaid apprentices, should be compulsorily included under social insurance or social security schemes on entering employment. The

TABLE VII. RATIFICATIONS OF CONVENTIONS RELAT

(At 10 Sept

Country	Industrial employment							
	Minimum Age (Industry), 1919 (No. 5)	Night Work of Young Persons (Industry), 1919 (No. 6)	Minimum Age (Industry) (Revised), 1937 (No. 59)	Medical Examination of Young Persons (Industry), 1946 (No. 77)	Night Work of Young Persons (Industry) (Revised), 1948 (No. 90)	Minimum Age (Trimmers and Stokers), 1921 (No. 15)	Minimum Age (Underground Work), 1965 (No. 123)	Medical Examination of Young Persons (Underground Work), 1965 (No. 124)
Albania	×	×	×	×				
Austria	×	×						
Belgium	×	×				×		
Bulgaria		×	×	×		×		
Byelorussia . . .			×	×	×	×		
Cyprus					×	×	×	×
Czechoslovakia .	×				×		×	
Denmark . . .	×	×				×		
Finland						×		
France	×	×		×		×		
Germany (Fed. Rep.) . .						×		
Greece	×	×			×	×		
Hungary . . .		×		×		×	×	×
Iceland						×		
Ireland	×	×				×		
Italy		×	×	×	×	×		
Luxembourg . .	×	×	×	×	×	×		
Malta	×					×		
Netherlands. . .	×				×	×		
Norway	×		×		×	×		
Poland	×	×		×	×	×		×
Portugal		×						
Rumania	×	×				×		
Spain	×	×				×	×	
Sweden.						×		
Switzerland . .	×	×				×	×	
Turkey						×		
Ukraine			×	×	×	×		
U.S.S.R. . . .			×	×	×	×		
United Kingdom	×					×		×
Yugoslavia . . .	×				×	×		
Total . . .	18	16	8	10	12	27	5	4

ING TO THE PROTECTION OF YOUNG WORKERS

ember 1968)

	Non-industrial employment									
Minimum Age (Non-Industrial Employment), 1932 (No. 33)	Minimum Age (Non-Industrial Employment) (Revised), 1937 (No. 60)	Medical Examination of Young Persons (Non-Industrial Occupations), 1946 (No. 78)	Night Work of Young Persons (Non-Industrial Occupations), 1946 (No. 79)	Minimum Age (Sea), 1920 (No. 7)	Minimum Age (Sea) (Revised), 1936 (No. 58)	Minimum Age (Fishermen), 1959 (No. 112)	Medical Examination of Young Persons (Sea), 1921 (No. 16)	Minimum Age (Agriculture), 1921 (No. 10)	Total	Country
		×			×	×	×	×	9	Albania
×								×	4	Austria
×				×	×	×	×	×	9	Belgium
	×	×	×	×	×	×	×	×	12	Bulgaria
	×	×	×		×		×	×	10	Byelorussia
							×		5	Cyprus
								×	4	Czechoslovakia
				×	×	×	×		7	Denmark
				×			×		3	Finland
×		×			×	×	×	×	10	France
				×		×	×	×	5	Germany (Fed. Rep.)
				×	×		×		7	Greece
		×		×			×	×	9	Hungary
					×				2	Iceland
				×			×	×	6	Ireland
	×	×	×	×	×		×	×	12	Italy
	×	×	×	×			×	×	12	Luxembourg
				×			×	×	5	Malta
×					×	×	×	×	8	Netherlands
				×	×	×		×	8	Norway
		×	×	×		×	×	×	12	Poland
				×					2	Portugal
				×			×	×	6	Rumania
×				×		×	×	×	9	Spain
				×	×		×	×	5	Sweden
					×		×		6	Switzerland
					×				2	Turkey
	×	×	×		×	×	×	×	11	Ukraine
	×	×	×		×	×	×	×	11	U.S.S.R.
				×			×	×	6	United Kingdom
				×	×	×	×		7	Yugoslavia
5	6	10	7	19	17	13	25	22	224	Total

resolution stresses that young workers should have the right to join the trade union of their own choosing as from the date they enter employment. It further prescribes detailed standards of protection based on the most favourable provisions in I.L.O. instruments. Finally, it declares that an adequate and co-ordinated framework of law and administration is essential for the application of the broad social policies necessary for the full protection of children and young persons.

Many countries are now introducing comprehensive co-ordinated policies which take greater account of the needs of the rising generation, and much research has been carried out in different countries into the situation and aspirations of young people in order to reach a clearer understanding of these needs. One question especially which is of growing interest to those concerned with such problems is that of youth guidance and the promotion of youth movements, including social and cultural promotion in rural areas. This question received a great deal of attention at the European Youth Conference held early in 1967 under the auspices of the Council of Europe.

One urgent problem in this field is to develop the employment, recruitment and training of the qualified personnel required for youth guidance. Such employment development clearly presupposes redoubled efforts to provide the social and cultural facilities—still often grossly inadequate—which young people need. There is anxiety in some countries about the often harmful consequences to youth of the competition exercised by commercialised recreation facilities, whose vast resources tend to make the meagre facilities provided by youth organisations and cultural institutions appear derisory in comparison. Here a heavy responsibility lies with governments. Recruiting enough personnel obviously depends on the adequacy of training facilities and the appeal of youth guidance and promotion as vocations, which at present is often diminished by the lack of a well-defined job status.

Trade unions have an important role to play in giving assistance and guidance to young people. They can, and often do, ease their transition from school to job by making them feel at home in their new working environment and arouse or increase their interest in unionism by explaining its role and functions in the community. Trade unions help young people to keep in closer touch with the social institutions in the factory or department where they work, to explain their problems and desires, and generally to make their voice heard. Workers' education is also of crucial importance to young people. Not only does it give them a knowledge of social history; it can also broaden the horizons of those who are earning their livelihood and who would otherwise normally have few opportunities for education and character development.

Two other ways in which trade unions might usefully develop their activities on behalf of youth were discussed by the I.L.O. Meeting of Consultants on Workers' Education held in December 1964. First, they could approach young people even before they enter employment—for example those attending apprenticeship centres, technical colleges and schools. Secondly, trade unions could develop further their activities in the field of welfare and leisure facilities for all young people, whether union members or not. Considerable progress has already been achieved in both these directions. Full government support is vital.

Employers and personnel departments in undertakings, too, could of course do much more to help young people entering employment and provide them with the encouragement, advice and assistance which, together with proper cultural and recreation facilities, are so often sadly lacking.

Young people also need from society the means to satisfy their yearning for greater human solidarity. Assistance to developing countries already gives them many opportunities. Particularly welcome is the provision made under the F.A.O.'s Young World Food and Development Project for promoting youth-to-youth aid programmes and an awareness of the responsibility of youth in the economically more advanced countries in regard to development problems. Within Europe itself a regional programme for the exchange of young workers is being drawn up and aid programmes on behalf of youth in less developed countries are under consideration. Even within individual European countries, however, there is still tremendous scope for encouraging young people to use their leisure time in a way that gives them a greater sense of belonging to the community—for example by doing voluntary rural or social assistance work, by participating in a country-wide survey for the preservation of the national heritage, and so on. Some even think that a system of "co-operation" in the form of work done in fulfilment of national military service obligations might often serve a useful purpose within the country.

Labour provided in this way must, however, never become simply a cheap remedy for manpower shortages, and every precaution must be taken to ensure that it gives the young a real opportunity to enrich their experience and obtain a solid grounding in their country's problems. For this reason it is vital that the young themselves and occupational organisations should be allowed their say in developing such work in the best interests of youth. What is needed above all, however, is to develop such leisure activities as will give young people an opportunity for rest, recreation and various forms of free self-expression, and foster the education and personal qualities which will better equip them to play an effective part, if they so wish, in the economic and social life of the country. Here again a heavy responsibility lies with governments.

All European countries are becoming increasingly concerned about youth. In the countries of Eastern Europe youth activities continue to be developed. In the U.S.S.R., for example, there are a growing number of Young Pioneers' homes, centres for young technicians and naturalists, excursion and tourist services, sports schools and children's theatres, while scientific circles and public education bodies are showing great interest in ways of developing the gifts and talents of the young. Western European governments are tending more and more to regard the needs of youth as of primary importance. I feel that the urgent need for social development, though it also concerns adults, deserves special emphasis in this context. A truly altruistic effort on behalf of social development promises to remove or offset some of the irksome frustrations against which so many young people today are vigorously reacting.

As I suggested in my reply to the discussion on my report to the International Labour Conference at its 52nd Session, the I.L.O. could make a useful contribution to a comprehensive programme for youth implemented by the various United Nations organisations concerned. It could carry out a thorough study of the problems young people face in European countries in their transition from school to job, their integration into working life and their participation in the general economic and social life of the country. The results of such a study could be submitted to a meeting of the main parties concerned. It might also be useful to consider the inclusion of problems facing youth in the agenda of the next European Regional Conference of the I.L.O.

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One of the chief aims of the social policy of European governments is to improve conditions of work as well as conditions of life. This does entail extremely complex decisions, however, which must take into account, among other things, the existing possibilities for improvement and the possible effects of the measures envisaged on production, the development of international trade, workers' real income, technical progress, and the desires of employers' and workers' organisations. Of course, it is hard to reconcile all these factors. Sounder decision-making, moreover, calls for a deeper understanding of the interdependence between conditions of work and the other variables of economic and social life. In developing basic or advanced vocational training, for example, it may be necessary to consider whether workers would not have a greater incentive to study if they worked a five-and-a-half-day week, with shorter working days, rather than a five-day week. Again, in seeking to combat inflation, one can usefully compare the different effects of pay increases with no reduction in working hours and of longer paid holidays without a pay increase. If the aim is to encourage modernisation of the economy, it is desirable to know whether in certain instances a reduction in working hours may not speed up progress by stimulating greater productivity. The answers to such questions, which are currently being raised in some European countries, may help in laying the foundations for truly positive and forward-looking policies on conditions of work.

The working and employment conditions in which changes may be desirable if progress is to be made towards specific goals are many and various. They may, for example, include all aspects of conditions of service for given occupations—namely skill, training and educational requirements, model employment conditions, career prospects, and so on. It may be useful to identify the occupations which should be considered according to the goals in view. Provision is made under the first Intergovernmental Work Programme of the Council of Europe for drawing up model conditions of service for certain occupations which, directly or indirectly, are important to the development of man both within and outside his employment.[1] An initiative of this sort deserves the I.L.O.'s full support, and it might be interesting to see how we in the I.L.O. could apply what it has to teach us in our own standard-setting and operational activities.[2]

A positive policy on conditions of work which does not have clear goals is inconceivable. Apart from its basic aim of protecting the workers and promoting their welfare, such a policy may aim to promote economic growth and the stability of the employment market. But it now has a further goal in a growing number of European countries, namely social development. The meaning of social development is that individuals already in employment should, if they desire, enjoy certain opportunities and facilities: first, for attaining a higher level of occupational skills (not just retraining to weather employment crises); secondly, for furthering their education in order to achieve the enrichment of their personality and their full intellectual development (not merely to keep their qualifications up to date with changing occupational requirements); and thirdly, for acquiring the qualifications vital to their intellectual, social and economic " emancipation " as workers. Social development is a means of applying the principle of equal opportunity which brings every aspect of social policy into play. Equality of opportunity depends on such diverse factors as educational reform, protection of the family, housing improvement, the extension of social security and financial policy.

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[1] Such conditions of service are being studied for social services staffs, vocational training instructors, medical laboratory technicians, architects and technicians specialising in ancient architecture, youth leaders, workers in international voluntary services, organisers of recreation in rural areas, and teachers of adults. See Council of Europe: *Man in a European Society* (Strasbourg, 1967).

[2] Joint action by the I.L.O. and U.N.E.S.C.O. thus led to the adoption in 1966 of a Recommendation concerning the status of teachers.

Among the subjects of concern to the I.L.O., social development depends essentially on appropriate policies in regard to basic and advanced vocational training and retraining. Yet its success also depends on organising conditions of work so as to enable men and women to take advantage of the opportunities available to them for occupational advancement—by the introduction of suitable working hours and schedules, special leave, compensation pay, the reorganisation of job contents, and so on. At the European regional level an exchange of views and experience might be valuable in regard to the many opportunities for general social development afforded by improvements in conditions of work.

CHAPTER IV

LABOUR RELATIONS

In the last few years the functions and attitudes of management and trade unions with regard to technological change have altered considerably and are no longer as clear-cut as they used to be in earlier, though still quite recent, stages of technical and industrial evolution. It was then commonly held that decisions concerning innovation rested squarely with management; trade unions were primarily concerned with the benefits innovation could bring to their members. Productivity and industrial efficiency were management responsibilities and were in themselves of little interest to trade unions. While this view is still held by many trade unionists and employers alike, developments in technology and industry have made the matter rather more complex.

Trade unions are sometimes accused—in certain countries more than in others—of acting as a brake on technological progress. This is true to the extent that they question the benefit to society, and to their members, of certain types of innovations. But one should not interpret as resistance to change the firm insistence of trade unions on protecting the interests of their members displaced or otherwise affected by technological or structural change. Moreover, if trade unions demand, in return for acceptance and support of innovations, that the advantages and drawbacks resulting from such changes should be equitably distributed, this should not be seen as obstruction to change. It is not surprising that there are situations where workers and their trade unions resist change and try to maintain the technological status quo by, for example, various kinds of restrictive practices. If these attitudes are recognised as the expression of concern at what appears to be a threat to employment, earnings, job status, bargaining position, etc.—i.e. as manifestations of a genuine group interest—ways can be found to bring about a more positive and constructive response to change. In this connection the climate of labour relations in a given country, industry or undertaking and the degree of confidence existing between management and labour are of decisive importance in dealing with the consequences of change.

Both research and experience tend to confirm the importance of associating workers and their representatives in efforts to introduce change, and particularly of giving workers advance notice of impending changes and enabling them to participate in devising and implementing appropriate measures of adjustment. Management attempts—and they are not uncommon—to initiate change without securing the workers' consent stem from traditional notions of managerial prerogatives and a negative attitude towards workers as partners in decision-making. Fear that the position of workers' representatives will be strengthened if their consent is sought—and management's position correspondingly weakened—may also play a part. It seems, however, that the importance of some of these considerations is about to decline, particularly in industries undergoing rapid modernisation.

The increased participation of trade unions in a variety of economic and social policy-making bodies at the industrial and national levels is at least partly responsible for the actively positive attitude towards technological change that they have taken in recent years. Trade unions in many countries, in market economies as well as in centrally planned economies, realise that modernisation and higher productivity can result in higher living standards for their members and, while concerned at the consequences of rapid change, they are also critical of slow change and of obstacles to modernisation. For workers' resistance is not the only obstacle. Indeed, trade unions have in many instances actually pressed managements to invest and to modernise. Other obstacles to change include the structure of industry, and the occasional reluctance of managements to innovate. Modern technology tends to be drawn to large units while a large proportion of industry in many European countries such as Austria, France, Italy and the United Kingdom is made up of small and medium undertakings; innovation is often quite beyond the financial capacity of such firms. As for the reluctance of managements to innovate, this is often due to a lack of incentives to do so. This is true of many countries both with market and with centrally planned economies. In the latter, one of the principal objectives of the new incentive system is to "serve both as a stimulus to and a yardstick for improvements in the production process".[1]

THE IMPACT OF TECHNOLOGICAL CHANGE ON EMPLOYERS' AND WORKERS' ORGANISATIONS

The rapid development of a technically advanced sector on the one hand, and the existence of a large number of small firms, operating on a lower level of technology and consequently of productivity, on the other, creates problems both for employers' organisations and, to a much greater extent, for trade unions. While employers tend to create bigger units through mergers, technological change also has far-reaching implications for trade union structure.

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[1] E. G. LIBERMAN: "The Role of Profits in the Industrial Incentive System of the U.S.S.R.", in I.L.O.: *International Labour Review*, Vol. 97, No. 1, Jan. 1968, p. 8.

Where trade union representation is divided among a number of ideologically oriented movements as in Belgium, France, Italy and the Netherlands, or where the basis of union organisation is partly craft-based as in the United Kingdom, there is less likelihood of uniform attitudes towards major issues such as technological change. These attitudes may vary widely according to different group interests, as in the case of craft-based unions, whereas trade union centres divided along ideological lines may be unable to agree about such questions as joint consultation and participation. Such differences do not, of course, preclude co-ordination and collaboration on a number of important issues.

Attitudes towards technological change have also underlined problems of communication between trade union leaders and the rank and file. There is often a gap between the trade union leadership which, being involved in national economic and industrial policy-making, frequently advocates technological advance, and the workers on the shop-floor who perceive change differently. Another controversial issue is wage restraint, particularly when wage norms are determined outside the undertaking or the industry. When in these situations the leaders fail to rally the rank and file in support of their policies, the gap between them can widen dangerously. Today, when the influence of the rank and file on the shop-floor or company level is much stronger than it used to be, the resulting pressures on central trade union structures can produce major, frequently nation-wide repercussions as was shown in the United Kingdom and to an even greater extent in the serious industrial unrest in France earlier this year.

Another problem for trade unions relates to the effects of technological change on the occupational structure of the working population. In many countries the industries most affected by these changes, mines, railways, textiles, etc., are traditionally centres of union strength. A reduction in the workforce of these industries means a serious loss to trade unions in terms of membership and financial backing. But there have also been shifts within industries, such as the metal trades industry, which are still trade union strongholds. Skills become obsolete, leading to the disappearance of certain occupations. Changes have occurred in the proportion of workers employed on production jobs. New occupational groupings are created through the use of computers that often require higher levels of skill and responsibility. At the same time the number of workers has increased in hitherto less unionised sectors such as distribution, supply and services. As is well known, there is between industries as well as within industries a growing exodus from manual into non-manual jobs. In certain branches of industry salaried employees equal and frequently outnumber manual workers. The skills of technical and clerical employees are highly differentiated, their jobs ranging from the simple and the semi-skilled to the highly complicated. At the same time the growing use of computers creates new problems for white-collar workers, such as a greater threat of redundancy, and changed working conditions.

Moreover, in a number of industries, especially in the most technologically advanced such as electronics, aircraft construction and so on, the barriers between manual and white-collar workers tend to break down with the upgrading of skills, with greater occupational flexibility, and with more uniform working conditions (in particular the extension to manual workers of the status of monthly-paid personnel). The future alone can show whether, with the advance of modern technology, "blue-collar" and "white-collar" workers will come more closely together or even blend into a new category of employees differentiated by criteria other than the traditional ones of manual and non-manual work. Whether this is likely to happen or not, the trade union movement is today having to adapt to the dual problem of the decline of its traditional sources of recruitment and the emergence of new categories of workers as potential union members. Awareness of these developments has caused trade unions in a number of countries to envisage new approaches to union organisation.

In a number of countries, particularly in the U.S.S.R. and other Eastern European countries, white-collar and blue-collar workers are organised in the same trade union organisations. In other countries, such as Finland and Sweden, white-collar workers have tended to form their own organisations—unions or professional associations—separate from those of blue-collar trade unions. This is partly due to the commonly held notion that white-collar employees have specific occupational and group interests which do not necessarily coincide with those of manual workers, who still form, although to a lesser extent than in the past, the backbone of the trade union movement. This also explains the low, though rising, degree of unionism—in relation to their high proportion of the total workforce—among white-collar workers in some countries. It is obvious that separate organisation of manual and non-manual workers tends to stress, or even to exaggerate, the differences that may exist between the two groups. Another factor that bears on the organisation of non-manual workers is the attitude of managements, which still often resist the extension of union rights to white-collar workers, particularly in the private sector.

On the other hand, trends in the public sector show a relatively high level of union organisation among civil servants, teachers and nurses—indeed among public employees in general—in several countries. Thus in Austria, Sweden and the United Kingdom the degree of unionisation of government employees is very high. Well organised civil servants' and teachers' unions also exist in other countries such as France. Moreover, there is a clear tendency for such professional unions to adopt far more militant positions in pressing the claims of their members than used to be the case. The role played by teachers' organisations in the events in France last May and June, and the demonstrations by nurses in the United Kingdom and other countries in support of wage claims in recent years are examples of this new militancy.

There is even a move among self-employed workers, who until recently were renowned for their independence and their individualism, to take collective action in defence of their interests, action which has little to distinguish it from that of conventional trade unions. Associations of peasants and farmers, in particular, have become very powerful and militant pressure groups in certain Western European countries, especially in member countries of the European Communities where the establishment of a common agricultural policy threatened to have an adverse effect on the incomes of producers in several areas. Similarly, associations of doctors have become much stronger and more active in pressing their claims since public control was established over the health services of several Western European countries. There is, indeed, little to distinguish the negotiations such associations undertake with governments from conventional collective bargaining.

Finally, trade union activity has also become far more common among wage-earning agricultural workers, even though their numbers are constantly diminishing throughout Europe. Trade union membership among such workers, which before the Second World War was extremely low in nearly all European countries, has grown to the point where it covers 50 per cent. of agricultural wage earners in Austria, 75 per cent. in the Netherlands and 95 per cent. in Italy. In all Eastern European countries the degree of trade union membership is even higher—between 80 and 100 per cent. Many of the earlier obstacles to trade unionism among agricultural workers—lack of means of communication in rural areas, illiteracy, paternalism or resistance to trade unionism on the part of employers—have either disappeared or are being overcome, although the dispersion of agricultural workers and the resistance of employers do still constitute in some countries a serious hindrance to the growth of trade union membership. On the other hand, the profound changes that are taking place in the structure of agriculture in Europe and in the methods of agricultural production have provided new incentives for agricultural workers to organise in defence of their interests, especially in such fields as working hours, housing, social security and safety and health. Moreover, agricultural trade unions are insisting on obtaining for their members wages which are comparable to those earned by industrial workers. This has resulted, too, in the growth of agricultural employers' organisations in order to counterbalance the strength of unions of agricultural workers. Local and nation-wide collective bargaining between agricultural workers' and employers' organisations has become the practice in nearly all Western European countries; while in Eastern Europe trade unions play essentially the same role on collective farms as they do in industrial undertakings. In both Eastern and Western Europe organisations of agricultural employers and workers are today represented on economic policy-making or advisory bodies at the national level.

COLLECTIVE BARGAINING

The pace and the character of technological advance have led to changes in both the content and the structure of collective bargaining during recent years. Although the diversity of institutional backgrounds and of economic and social conditions in each country render generalisations difficult, it is possible to discern a number of significant trends.

In the first place, the range of collective bargaining subjects has been widened to include a large number of problems which both management and workers feel are of particular importance. For example, the adaptation of conventional wage systems such as payment by results or piece rates to technological change is becoming increasingly the subject of study and experimentation in collective bargaining. The reduction of working hours—and new arrangements to shorten the working year—have also figured prominently among bargaining subjects. Many collective agreements have been concluded involving measures to increase rationalisation and efficiency (work study, redeployment of labour or reduction of the workforce, etc.) which also include provisions to assist workers in adjusting to such measures, e.g. vocational training or retraining, health and welfare measures, new forms of shift work, staggered holidays, early retirement and redundancy pay.

Moreover, not only are wages, salaries and working conditions and their adaptation to changing needs covered by collective bargaining; such bargaining can also cover participation in the management aspects of technological innovation. It is therefore not surprising that, as the range of negotiable issues widens and in view of their far-reaching effects on the community, the outcome of collective bargaining today arouses considerable public interest.

Recent experience shows, however, that while some of the problems caused by technological and economic changes in industry can be dealt with through collective bargaining, many others, such as manpower policy, income distribution, etc., are beyond the scope of the undertaking and sometimes even of the industry concerned. Changes are initiated as the result of scientific and technological inventions and discoveries which are made less and less in individual undertakings and more and more in the research centres of large corporations, industries, universities and government departments. It is therefore mainly at the national level that the implications of technological change for society as a whole can be foreseen and their consequences dealt with through appropriate national policies. Where collective bargaining does take place at the level of the undertaking, governments often attempt to influence its outcome. In centrally planned economies the managements and trade union committees of undertakings are assisted in dealing with the effects of technological development by a body of legal provisions which also stipulate measures and programmes to facilitate the readjustment of the individual worker.

It may seem paradoxical that the growing intervention of government in collective bargaining matters has been accompanied by a marked trend in several European countries towards the decentralisation of collective bargaining. This trend was already mentioned in my report to the International Labour Conference in 1961 when I noted that technical progress also seemed to call for more plant-level bargaining in such matters as job evaluation, bonuses, productivity clauses and wage levels and scales.[1] Since then this trend has become pronounced enough to modify the traditional European pattern of industry-wide bargaining and agreements, though more so in some countries than in others. Wherever it has developed, it has been less the result of deliberate policy than a manifestation of needs, problems and pressures arising out of specific conditions in the undertaking. Nevertheless, plant-level bargaining has not yet become an alternative to national or industry-wide bargaining. The ways in which these systems are related to plant-level bargaining in various countries will largely determine its future course.

Even in countries where collective bargaining is highly centralised and takes place principally at the national or industrial level—which is usually the case where there are centralised union structures—plant-level bargaining may exist, although within definite limits. For instance, the flexibility of national framework agreements in Sweden leaves scope for negotiation at the industry and plant level, allowing for a certain amount of wage drift. In Belgium plant-level bargaining, mainly over matters that could not be resolved by negotiations at the industry level, has been on the increase in recent years. In France collective bargaining has traditionally taken place at the industry level but actual take-home pay is often determined through informal arrangements in the undertaking. In addition, there are also about a hundred formal plant agreements concluded in many large undertakings in the metal and chemical industries. Plant agreements can be pace-setters for improving working conditions and fringe benefits in other undertakings and industries. An example is the fourth week's holiday obtained by the Renault workers in 1962 which has since become generalised throughout industry.

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[1] I.L.O.: *Report of the Director-General: Labour Relations*, Report I (Part I), International Labour Conference, 45th Session, Geneva, 1961 (Geneva, 1961), pp. 102-103.

With the economic reforms that have taken place in the U.S.S.R. and other countries of Eastern Europe, collective agreements concluded at the plant level have acquired major importance. Though basic wage rates are still approved by the central authorities, productivity bonuses, social benefits and a host of other provisions are negotiated at plant level. In Czechoslovakia collective agreements at the plant level have been as common as agreements at other levels.

What are the reasons for this trend towards plant bargaining? A highly centralised bargaining structure such as exists in the Scandinavian countries, in Austria, the Federal Republic of Germany and the Netherlands certainly seems to put a restraint on plant bargaining, but not enough to discourage it altogether. The growth of plant bargaining, particularly in countries or industries with widely differing conditions, seems to be mainly a reaction to the shortcomings of national or industry-wide agreements which tend to assume a degree of uniformity that in fact may not exist, especially in an era of major economic changes. A combination of plant, industry-wide and national agreements is not an impossible solution, as has been proved by the Italian experience, where the spread of negotiations at plant and sectoral levels in the late 1950s led to a new system of "articulated" collective bargaining. But few countries have yet found a satisfactory solution to this problem.

The trend towards plant-level bargaining has inevitably strengthened the position of shop stewards and works councils in the undertaking. This has been particularly the case in the United Kingdom where informal plant or company bargaining between management and shop stewards is tending to replace the official system of industry-wide agreements.[1] Here, as in other European countries, the decentralisation of collective bargaining was largely due to the post-war pressure of full employment which greatly encouraged bargaining over wages at plant and company level. At the same time the policy of wage restraint to curb inflation has encouraged workers to seek wage increments in various forms through negotiations in the undertaking. There is no doubt that this has created problems for employers, trade unions and governments, particularly since most of these agreements are negotiated outside the established bargaining machinery. The result has been a weakening of control by trade unions and employers' associations over the actions of their members. One of the solutions recommended by the Royal Commission in the United Kingdom was to formalise the existing situation by making company and plant agreements the established basis of industrial relations and to create machinery to register agreements; these measures might also facilitate the integration of shop stewards into the union structure, which has been a long-standing problem for trade unions.

Whatever solutions are eventually adopted, one of the results of the development of plant bargaining has been, particularly in the United Kingdom, the growth of productivity agreements. These agreements offer workers various advantages such as higher pay or more leisure in return for agreed changes in working practices or in the organisation of work leading to higher output and lower costs. Although the working population covered by these agreements in the United Kingdom is relatively small, productivity bargaining has aroused a good deal of interest. Its future is closely tied to the general economic perspective. Unless there are further rises in unemployment, these agreements are likely to spread in the years to come, particularly in expanding industries.

It follows from the above that nearly all countries in Europe are faced with the problem of integrating plant-level bargaining into the bargaining and policy-making machinery at higher levels. While it is difficult to foresee whether the decentralisation tendencies noted above will move still further towards bargaining autonomy at the plant level, it seems unlikely that workers will give up the protection offered by national and industry-wide agreements concluded by their trade unions. However, the effectiveness of this protection depends on the quality of union representation at all levels and on the degree to which the trade union leadership enjoys rank-and-file support. Union structures will therefore have to become more flexible, and internal communications and union education will assume ever greater importance with the growing complexity of negotiations and bargaining. Similar considerations apply to employers and their associations. Changes in collective bargaining make demands on their organisational structure too. The growing variety of negotiable subjects calls for detailed knowledge and information which employers in small undertakings, in particular, may not possess. Employers' organisations in a number of countries are therefore making increasing use of specialists' services and are providing information and research facilities for their members.

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[1] Cf.: *Report of the Royal Commission on Trade Unions and Employers' Associations* (H.M.S.O., London, 1968).

LABOUR-MANAGEMENT RELATIONS IN THE UNDERTAKING

The trend towards the decentralisation of collective bargaining explains, at least in part, the growing interest in labour-management relations in the undertaking and more particularly in the long-standing problem of the rights and guarantees of workers' and trade union representatives in the undertaking.

As far as trade union representation in the undertaking is concerned, the variations that occur in European countries depend to a large degree on the position that trade unions occupy in a particular society—on their bargaining strength or weakness and the extent to which they are integrated into the economic and social structure, as well as on the general outlook of management and the readiness of managers to accept a trade union presence in their undertakings. These factors determine at least in part the different attitudes towards granting plant union representatives certain rights, privileges and facilities and, on the other hand, the trade unions' ability to obtain them.

It should be recalled that the unions or their representatives are not in all European countries the recognised spokesmen of the workers at the level of the undertaking. There are countries where this function is carried out by special bodies, provided for by law or agreement, which are elected by all the personnel of the undertaking, irrespective of their trade union membership. In some countries these representatives may exist side by side with trade union representatives and fulfil different functions.

While in most Western European countries the rights of workers' and trade union representatives within undertakings seem to be well protected, they are often the subject of a good deal of conflict, for instance in France where they rank high in the priorities of union demands. Other problems have arisen, in some cases because of the multiplicity of workers' representation bodies in the undertaking: trade union delegates, staff delegates, works committees, workers' councils, and so on. The experience of some countries shows, however, that co-operation among these various bodies may be fostered by appropriate methods. It has also been seen that where different union organisations exist, their actions can be co-ordinated.

The protection of trade union and workers' representatives against discriminatory action by employers depends largely on the degree of protection enjoyed by wage and salary earners in general. In Europe it is a generally accepted principle that trade union representatives should not be discriminated against on the ground of their union activities. In fact many countries, such as Bulgaria, Hungary, Italy, Norway, Poland and Rumania, have embodied provisions to this effect in their legislation. In others, such as Belgium, Finland and Sweden, the principle is incorporated in collective agreements; and in yet others it is implicit in the labour relations system, for instance in Czechoslovakia, the U.S.S.R. and Yugoslavia.

Moreover, while structural change and technological advance, as we have seen, have considerably widened the range of negotiable subjects, workers' participation in decision-making in the undertaking is often being extended beyond the confines of collective bargaining. The variety of existing forms of workers' and trade union participation in decision-making and management is arousing wide interest.

Matters which are the subject of participation within undertakings range from such "traditional" questions as wages, working conditions, safety, discipline and welfare to broader issues such as the introduction of technological innovations, production, manpower planning and investment. Apart from collective bargaining, which has been dealt with above, there are several ways in which workers can influence—or share in—decisions, by means as different as information and joint consultation, co-determination and workers' self-management. These may also extend to sharing the gains of an undertaking through various kinds of profit-sharing or savings schemes.

A good number of proposals to this effect have been tested in various countries. These schemes, which may be set up under collective agreements, range from profit-sharing systems at undertaking or company level and various savings schemes to payment of a percentage of the wage into an investment fund on a deferred basis. These and other schemes have been widely discussed, particularly in the Federal Republic of Germany but also in other countries such as France, where an ordinance has recently been promulgated concerning workers sharing in the results of the growth of undertakings. Trade unions have on the whole opposed profit-sharing schemes on various grounds, objecting, for instance, to the idea of compulsory saving or deferred wages. In certain countries they have, however, been pressing for a system of capital ownership which would enable workers in a branch of industry, or even in the economy as a whole, to participate in total profits and to control, through their trade unions, investment funds into which a large proportion of these profits would be paid. The originality of such a scheme would lie particularly in the fact that it would break the link between the profits of any one firm and the incomes of its employees, and in the new responsibilities which it would give trade unions with regard to the level and pattern of investment.

The last 20 years have seen an increase in various arrangements for joint consultation and in the practice of providing personnel with information. The International Labour Conference at its 51st Session in June 1967 drew attention to the significance of communications practices in highly industrialised societies where new problems created by technological change called for new approaches in the field of labour-management relations. For joint consultation to be an efficient instrument, the provision of information about various aspects of the development of the undertaking is essential. As an example, in France the law of June 1966 on the reform of works committees, as interpreted a year later, provides for regular reports by the employer to the works committee on the activities of the undertaking and on its plans for the following year. The same law provides for consultation on employment and training before any management decisions are taken. Similar regulations for reporting exist in Austria and Belgium. In a number of Western European countries consultative bodies of various kinds have been set up either by law, as in Austria, Belgium, Finland, France, the Federal Republic of Germany, the Netherlands and Spain, or under collective agreements, as in Italy, Sweden, Switzerland and the United Kingdom. These works councils or committees may take a variety of forms, depending on whether they are joint management-worker ventures or purely workers' representational groups meeting with management.

Though information may cover a wide variety of subjects concerning the undertaking, in fact, with the widening area of negotiation, the demarcation line between consultation and collective bargaining has been considerably blurred. This is particularly the case where bargaining and consultative functions are vested in a single body, for instance the trade union organisation of the undertaking, which certainly facilitates co-ordination of the two functions. Besides, it neutralises any attempt that may be made to play off one against the other, particularly where dual systems of workers' representation operate and where legislation provides little or no safeguard for trade union rights in the undertaking.

How conclusive has the experience with consultation been so far? As was pointed out in the report of the Technical Meeting on the Rights of Trade Union Representatives and Participation of Workers in Decisions within Undertakings, held in November 1967, there are doubts about the efficiency of the consultation machinery which exists in various countries and which has not always lived up to expectations. Formal consultative machinery does not by itself produce better communication and co-operation between management and personnel. It also requires a climate favourable to stable labour-management relations, in which day-to-day information and consultation can take place that is less formal but more continuous. It is in dealing with these day-to-day matters that personnel management has an important function to fulfil. Technological change, with the new equipment and new techniques it introduces, has considerably widened the responsibilities of personnel management to cover manpower planning, redeployment problems, training and retraining. Developments in management science have greatly enhanced the position of personnel management, which has become a highly specialised service and enjoys a much higher prestige in the modern undertaking than it did in the past.

As a means of protecting workers' interests and rights, consultation has not become an alternative to collective bargaining. In fact, the extension of the latter into new fields may give consultation a new meaning, particularly as trade unions in some countries find its informational and largely advisory nature too restrictive.

In their view the extension of bargaining to areas such as productivity, manpower utilisation and personnel management requires a more continuous system of joint decision and policy-making than is possible through consultation. Arrangements for actual participation in decision-making tend in most countries to be centralised at the expense of the local and the plant level. It is true that technical and economic forces are all moving in the direction of centralisation and trade unions have tended to follow suit. There is, however, a danger that such centralised arrangements will disregard the human factor in industrial organisation, and it would seem that if participation is to be successful it must start at the base.

One of the most widely known experiments in this field is the co-determination system which has been operating for many years in the management of the iron, steel and coal industries in the Federal Republic of Germany. The German trade unions are now demanding its extension to other branches of the economy, a proposal which has encountered strong opposition from the employers' associations. In many other countries workers favour increased participation in management, which is generally opposed by the employers. In the United Kingdom, where this issue is hotly debated, the first " worker-directors " have recently been appointed to the management boards of the nationalised steel industry. Many British trade unions, however, seem to feel less inclined to extend this system to private industry.

There have also been a number of important developments in this field in the countries with centrally planned economies. The recent reforms in economic planning and organisation of industry have led in some countries to further decentralisation and to greater autonomy of the undertaking. In the U.S.S.R. and in certain other countries workers' participation through the trade union organisation in the plant has become an integral part of the system of production. In these countries trade unions have over the years been entrusted by the State with a variety of functions such as social security, labour inspection, health and welfare services. But since the recent economic reforms, the participation of trade union committees or works councils in planning, production, economic and financial management has become central to the functioning of the undertaking. In the U.S.S.R., as part of the continuing search for new and more flexible methods of economic planning and management, the plant-level organisations of the trade unions have assumed increased importance in these fields. They represent the workers on all questions concerning their work, living conditions and cultural activities. In fact, their participation is mandatory in seeking solutions to questions arising from technological change. Since 1965 the trade union committees have assumed special responsibility with regard to manpower planning. Moreover, the scope of participation has been considerably widened through a number of specialised joint management-worker bodies, such as the permanent production conferences which exist in all undertakings of over 100 workers. These conferences deal with all questions concerning planning, output, management and costs. Another indication of the influence of works committees on managerial decisions is the Hungarian Labour Code's recent provision regarding the committees' veto rights in matters concerning employment conditions.

Among the most far-reaching attempts to involve workers directly in managerial decisions are the various systems of workers' self-management which have been—and are still being—introduced in several Eastern European countries. The basic idea is that the function of management is vested in the collective body of workers and employees in a given plant, administration or service. They direct and organise production and share in the profits of their enterprise. In Yugoslavia, where workers' management was introduced in 1950, it grew—along with the gradual decentralisation of the economy—to become the dominant feature of economic and social life. The principles of self-management extend even into the fields of administration, health welfare and cultural activities.

In Poland self-management was introduced in 1956 but undertakings, while enjoying management autonomy, continue to operate within a centralised system of planning. Statutory provisions exist to associate in each plant the "workers' self-management conference", consisting of the trade unions, the party organisation and the workers' council, in managerial decisions. In Poland as well as in Yugoslavia self-management is not free from the problems which are likely to arise whenever authority is shared. Management may, for instance, try to relegate the workers' role in decision-making to a consultative or an auxiliary one, whereas the workers seek constantly to increase their power and competence.[1] Moreover, self-management has not always reduced the gap between the decision-makers and the rank and file. Finally, certain groups within the collective body of workers may in certain cases tend to monopolise decision-making under a self-management system.

Czechoslovakia's decision to establish workers' self-management is very recent. As in Yugoslavia and Poland, this decision is the consequence of economic reform. In the resolution adopted by the Sixth All Trade Union Congress of the Czechoslovak Republic in 1967 particular emphasis was placed on the need, under the new system of economic control and management, for ever-increasing workers' participation in many aspects of management. Yet, as in other countries, workers' participation does give rise to controversy. Thus, some would give first priority to raising production, the level of technology and living standards, to achieve which, they maintain, highly competent management is indispensable. Others hope, on the contrary, that workers' councils vested with real authority will counteract the excessive power of the " techno-structure ", as they certainly should be able to do once full autonomy is granted to the undertaking. They also insist that workers' participation must not be reduced to the execution of management directives in the name of socialist emulation.[2]

Whatever form it takes, workers' participation in decisions within undertakings requires a good deal of knowledge and skill in highly complicated subjects such as technological innovations, wage systems, productivity, investment, etc. Since competence is a prerequisite for effective participation, the need for the training of workers' spokesmen, whether they represent a trade union or not, cannot be overemphasised. Again, this question is closely linked to the rights that are granted to workers' representatives and trade unions in the undertaking, particularly with regard to facilities for union and educational activities. In a number of countries trade unions therefore demand that these facilities, for instance educational leave with pay, be made statutory or embodied in collective agreements. Trade union action in this field has taken other forms as well. The Dutch metal-workers' union (A.N.M.B.), for instance, in a recent effort to strengthen works councils, has appointed special trade union advisers to assist shop stewards with problems arising in the undertaking.

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[1] K. Doktór and others: " La formation du modèle socialiste des rapports sociaux dans l'industrie ", in *Studia Socjol*, No. 3, 1965.

[2] F. Velek, Deputy Director of the Institute of the Czechoslovak Trade Union Movement, in *Rudé Právo* (Prague), 17 Jan. 1967.

Employers who oppose workers' participation on the ground that the workers are inadequately prepared to make a useful contribution sometimes help to perpetuate this situation by refusing to grant educational facilities to workers' representatives. Others, however, recognise the importance of this training. The British Employers' Confederation, for example, in 1963 recommended, jointly with the T.U.C., that its members should co-operate with the trade unions and educational organisations in the training of shop stewards.

As I have already mentioned, the I.L.O. attaches special importance to the question of educational leave and is actively pursuing research on the subject.

Advocates and opponents of the idea and practice of workers' participation in decision-making usually advance reasons of an economic, political and social nature. In support of such schemes it is argued that management and workers have a common interest in the efficient operation of the undertaking and in securing the highest possible production. It is felt that these considerations are valid under any economic and social system, even though forms of workers' participation may vary according to the economic and social context.

This approach to workers' participation—or, to be accurate, certain aspects of this approach—can be a matter of controversy not only between management and trade unions but also within employers' circles and within the trade union movement itself. In a number of countries it is widely held that production as well as economic and financial decisions are primarily management's concern. Any encroachment in this area would not only alter fundamentally the character of management, which is accountable to the owners—or to the State—and to the public at large, but would raise the question of basic property rights. On the other hand, some observers of the industrial scene point out that trade union involvement in management functions would erode the defence of the workers' interests and restrict the unions' freedom of action.

This is likely to remain a subject of controversy for some time to come. Nevertheless, it would seem that the move towards workers' participation in decision-making will continue, that existing schemes will be adjusted and perfected in the light of experience, and that new experiments will continue to be made in many countries of Europe.

PARTICIPATION IN DECISION-MAKING AT NATIONAL AND SUPRANATIONAL LEVELS

I would now turn to the very topical question of the participation of trade unions and employers' associations in decisions on economic and social policy matters at industrial, regional, national and even supranational levels. Although the connection between participation at the plant level and other levels should be evident, in few countries does " multi-level " participation yet form a coherent whole.

Trends at the National Level

The participation of workers' and employers' organisations in economic and social programming and planning is becoming increasingly accepted throughout Europe. This trend is of decisive importance in reshaping labour relations systems but may also have far-reaching effects on the structure and functions of employers' and workers' organisations themselves.

By participating in national planning bodies, employers' and workers' representatives meet on new ground. However, in Western Europe the ground is more familiar to employers, who usually have close links with government departments and have greater technical resources and wider experience of the issues involved in economic planning than do workers' organisations. In Eastern Europe, on the other hand, this is less true, since the trade unions have close links with the State and the party. But in all European countries workers' representatives face practical problems similar to those they encounter when they participate in decision-making at the plant level. They suffer from a shortage of staff with qualifications comparable to those of employers' and government representatives and frequently lack sufficient financial resources to provide the necessary training. Nevertheless, trade union organisations in a good number of countries now have research departments and full-time staff well equipped to participate in planning at all levels.

Other problems arise in countries where the trade union movement is divided along ideological lines and also to some extent where it is craft-based. Participation in national programming, planning or policy-making may for political reasons not be acceptable to some trade unions. Even where some degree of operational unity is established, the positions adopted by different unions towards certain economic and social policies are not always identical. On the other hand, unions which are unenthusiastic about participating in planning may, in order to avoid being excluded from decisions that vitally affect their members, be led to adopt a more positive attitude.

In countries with a multiplicity of trade union movements the problem is particularly complex, since effective participation hinges on the representative character of the groups associated in planning. Participation implies entering into commitments which can only be made by the spokesmen of genuinely representative organisations. While pluralistic forms of representation of employers and trade unions are possible, in some countries criteria for the representativeness of organisations participating in planning are laid down by legislation. In France and in the Netherlands, for example, certain planning bodies bring together the representatives of rival or parallel workers' organisations. In countries like the United Kingdom it would seem that planning and participation should encourage trends towards the amalgamation and centralisation of the trade union movement, although this is much more difficult for trade unions than for employers' organisations. There are signs in many countries that the unions tend to co-ordinate their policies in response to national—and sometimes international—programming and planning efforts.

In general, however, there is a tendency for many governments to accept primary responsibility themselves in planning and programming. They may seek help and advice from consultative bodies and leave tasks of a more technical and operational nature to tripartite or bipartite councils or committees. Many of these joint bodies are directly involved in planning, for example the modernisation committees which are the pivot of the French planning system. Some of the latter deal with national problems such as finance, manpower, productivity; others correspond to the various economic sectors, agriculture, mining, iron and steel; and still others specialise in a social sector, education, health, etc. These committees, a highly original feature of French planning, are composed of government representatives, employers' organisations, trade unions, heads of undertakings and persons chosen for their expert knowledge. A number of countries such as Austria, the Benelux States, France, Ireland, Italy and the United Kingdom have instituted tripartite economic and social councils and similar bodies which may be consulted on planning and programming but in general are competent to advise governments on all economic and social questions. Other tripartite or bipartite bodies are set up for various branches of economic activity such as the economic development committees in the United Kingdom or the *conseils professionnels* in Belgium. On the other hand, non-governmental institutions such as the Dutch Foundation of Labour, set up as long ago as 1945 by the employers' and workers' organisations, can also play an important part in the determination of wage policy.

Similarly, the expansion of regional and sectoral planning has resulted in increased participation of employers' and workers' organisations together with public authorities and various local groupings concerned with regional development. This has perhaps been most pronounced in France where, since the preparation of the Fifth Plan, there has been increasing consultation on a regional basis through regional development committees (CODER), which ensure wide representation of different economic and social interests.[1] Regional advisory planning councils, composed of representatives of local authorities, industry, unions, universities and other interest groups, were established in 1964 in the United Kingdom and similar institutions exist in Belgium. In Sweden a direct contribution to regional development policies is made by the County Labour Boards, on which employers' and workers' organisations are strongly represented.

The need for greater participation of the population, and in particular of trade unions and management, in planning was generally recognised in most Eastern European countries during the late 1950s. As the autonomy of undertakings increases, new machinery has been set up to provide opportunities for wider consultation, such as the production conferences in the U.S.S.R. But this trend is evident at other levels too. The State Planning Committee of the U.S.S.R. pointed out a few years ago that "the preparation of long-term plans, and even of most annual plans, was thus the responsibility of ministries and institutions, and of planning authorities at the republic and union levels, with little participation by employees at undertakings and work sites. This impeded the initiative of the masses . . .". The statement goes on, however: "Plans are now fully worked out from the basic unit, i.e. from the undertaking upwards, with broad participation by workers and their organisations, i.e. the trade unions".[2]

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[1] United Nations document E/CN.5/346/Add.14: "Report on the World Social Situation: Planning for Balanced Social and Economic Development in France" (Apr. 1967), pp. 27-28.

[2] I.L.O.: *The Role of Employers' and Workers' Organisations in Programming and Planning in the Metal Trades*, Report III, Metal Trades Committee, Eighth Session, Geneva, 1965 (Geneva, 1965), p. 62.

Naturally, the economic and social system prevailing in the countries of Eastern Europe precludes the type of tripartite participation in planning that exists in Western Europe. In addition, the notion of representativeness assumes a different meaning inasmuch as representation of the working population and of their interests in general and at the highest level is undertaken by the State and by the single political party. But, as in many Western European countries, there is considerable scope in the context of medium- or long-term economic planning for various forms of trade union participation.

In fact, recent conferences of trade unions in Eastern European countries stress the preponderant role that unions now play at various stages of the planning process. Thus Mr. A. N. Shelepin, President of the All-Union Central Council of Trade Unions in the U.S.S.R., at their conference in 1968, called upon union organisations to take a direct and active part in elaborating the 1971-75 Five-Year Plan. In Hungary, at the 21st Trade Union Conference held in 1967, resolutions were adopted concerning the participation of the unions in certain activities of the government, with special emphasis on planning. Trade unions are to be involved, *inter alia*, in the preparation of the state plans and the elaboration of plan targets. This is also the case in Poland, where trade unions, according to the statutes adopted at their last conference in 1967, are to co-operate in economic planning. In Yugoslavia the trend towards increased autonomy for economic units and greater participation of social organisations has gone hand in hand with a reappraisal of the role of trade unions in society. One of the points made in this debate, which is still in progress, emphasises that trade unions must be autonomous organisations with a programme based on the interests of the workers irrespective of the existence of self-management or other bodies.[1]

A basic problem that arises in this connection relates to the direct involvement of government in industrial relations questions, in particular through incomes policies. Policies or legislative measures in market economies that enable governments to intervene in areas touching the very nerve of collective bargaining are liable to provoke strong reactions, since they raise the fundamental question of the compatibility of government planning and policy-making on the one hand and the autonomy of collective bargaining on the other.

This problem has been dealt with in Chapter II above. Here I would only stress that, where incomes policies are introduced, their success depends on the degree to which employers' and workers' organisations participate in their formulation and implementation. For example, an incomes policy requires comprehensive and up-to-date statistics, especially in the field of wages, projections of the relevant economic aggregates and related technical work as a basis for discussion and decision-making. It would be preferable to associate qualified specialists drawn from workers' and employers' circles even in this technical work so that the latter may have confidence in its integrity and soundness. Appropriate institutional arrangements are required for setting indicative targets for the growth of different types of income, and for other policy and regulatory phases of the incomes policy. The public authorities need to seek the full and genuine participation of the interested parties in these processes and in particular to provide for regular high-level exchanges with representative employers' and workers' organisations.

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[1] "A Necessity", in *Yugoslav Trade Unions* (Belgrade, Federation of Yugoslav Trade Unions), June 1968, p. 6.

However, as I have already stressed, trade unions are unlikely to participate in such discussions unless they have adequate incentives to do so; and in particular unless the incomes policies which they are invited to discuss concern the growth and distribution of all forms of income. The adoption of capital-sharing schemes, mentioned earlier, and of measures to control the rise in prices, within the framework of an incomes policy, might in some countries encourage trade unions to accept a certain degree of wage restraint. But, more generally, they will expect to be able to participate in the shaping of economic policy as a whole.

Trends at the Supranational Level

The development of employers' and workers' representation on a variety of national joint bodies seems to have contributed substantially to the creation of mechanisms of a similar nature and function at the level of regional economic integration or collaboration projects, such as the European Economic Community. Thus the Treaty of Rome stipulates the establishment of an Economic and Social Committee with consultative status, made up of employers' organisations, trade unions and members of various liberal professions. Although the Treaty (Article 197) mentions only agriculture and transport as special areas of concern to the Committee, consultation extends, *inter alia*, to harmonisation of legislation, and to policy regarding employment, social security, working conditions, vocational training, protection against occupational hazards and labour legislation.

Another joint body exists in the European Coal and Steel Community, which was established several years earlier than the Common Market: the Consultative Committee to the High Authority. Over the years a system of consultation and information has been established between the High Authority and the representatives of employers', workers', consumers' and merchants' organisations extending far beyond the areas provided for by the Treaty of Paris, under which the E.C.S.C. came into being. These organisations are represented on the various technical, social and economic committees for coal and steel. This close working relationship between the High Authority and the Consultative Committee has been possible for a variety of reasons, for instance the High Authority's considerable degree of political and financial independence from national governments, the Treaty provisions as to consultation, the right to take account of social affairs in all aspects of coal and steel policy, etc. Although consultative, the Committee seems to have had more influence on decision-making in the High Authority than its counterpart in the European Economic Community.

The purely advisory role of the Economic and Social Committee has given rise to concern, particularly on the part of trade unions which tend to feel that the Committee's recommendations are not sufficiently reflected in the Community's decisions. Thus it is claimed, and not only by trade unions, that the Community's efforts to establish a common social policy have lagged behind the progress made in the economic sphere. This feeling on the part of trade unions is reinforced by the fact that workers' representation is limited to a strictly advisory function and is not present in the decision-making bodies. The problem of union representation is becoming more acute with the merger of the Community institutions into a single body. Trade unions are most anxious to ensure that the future institutions will contain provision for adequate workers' representation.

The problem of a common social policy for the six member nations of the Community has been the subject of a good deal of controversy in recent years. This has been partly due to the wording of certain Treaty provisions, e.g. Articles 117 and 118 of the Treaty of Rome on the harmonisation of social systems, which has led to differing interpretations. Thus according to the more " restrictive " view, held by the majority of governments, the European Economic Commission should limit itself strictly to " promote close collaboration between member States in the social field " [1], undertake studies and give opinions but only in agreement with the respective governments which alone have decision-making power. A wider interpretation grants the Commission the right to formulate opinions without prior agreement by governments and to make social policy recommendations with a view to attaining gradual harmonisation. It is certain that the harmonisation of social systems as stipulated by Article 117 of the Treaty of Rome presents many difficulties in view of the diversity in national labour legislation and industrial relations systems. But if these difficulties can be overcome there is nothing in principle that would seem to prevent employers' and workers' representatives from negotiating collective agreements at the supranational level. Most of the present obstacles lie with the parties concerned. To mention but a few, it seems that employers' organisations are often concerned lest supranational collective bargaining should go beyond the scope and content of national agreements. The trade unions have not only challenged the restrictive view of social policy in the Communities but have demanded the right to participate in the elaboration of social policy matters. They point to the fact that, while at the national level they have a say in the framing of economic and social policy in most of their countries, this is denied to them at the supranational level of the Common Market.[1] On the other hand, the divisions within the trade union movement and the varying degree of union organisation in the Common Market countries have added to the complexity of the problem of harmonising social policy.

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[1] Article 118 of the Treaty establishing the European Economic Community.

The difficulty of holding a dialogue with governments and employers at the Common Market level raises a major problem for the trade union movement. The phenomenon of mergers of firms not only within countries but across national boundaries has been noted in Chapter I. In such firms decisions on matters of production, manpower, investments and even labour relations are centralised. It is evident that in the face of these developments trade unions can no longer rely on conventional collective bargaining structures but need to co-ordinate negotiations over a wide range of bargaining matters at the international level. Certain international trade union organisations have already taken certain measures to deal with the problem on a supranational scale. For example, negotiations have taken place between " Philips " and the unions of the six Common Market countries members of the International Metalworkers' Federation concerning the effects of technological and structural change at various plants. A call to co-ordinate bargaining in the face of the development of multi-national firms was made by the autoworkers' section of this Federation at its conference in May 1968. Moreover, the conference of the International Federation of Chemical and General Workers' Unions in 1967 pointed to the need for trade unions to participate in management and investment decisions as a direct means of influencing the growing concentration of economic and financial power.

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[1] H. G. Buiter, General Secretary, European Trade Union Secretariat, I.C.F.T.U., and J. Kulakowski, Secretary-General, European Organisation of the I.F.C.T.U., in a joint statement: "Europe Ten Years after the Treaty of Rome". See European Community: *Trade Union News*, No. 2, 1967, p. 6.

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It should not appear from this chapter that participation in decisions at national and supranational levels can by itself eliminate the divergencies that exist between employers' and workers' organisations. It is not surprising that these organisations, used to negotiations at the bargaining table, should carry over certain attitudes to the forum of planning. Although their views may differ considerably on various points, disagreements do not necessarily have the same consequences as in collective bargaining due to the predominantly advisory function of most participative bodies. There are usually opportunities to record dissent and neither employers' organisations nor trade unions necessarily feel bound by decisions that override their objections. The situation is different, however, in the case of participation in policy decisions, e.g. in wages and incomes policy, which makes demands of consensus and discipline not only in the making of decisions but also in carrying them out. For, as has been stressed throughout this chapter, the basic problem for employers' and workers' organisations is to secure the adherence of the rank and file to decisions reached at a higher level. This, indeed, seems to me to be an essential condition for the success of these new ventures in the field of labour relations.

The patterns and problems of labour relations in Europe reflect the diversity of the economic and social systems and structures in which they operate. Yet underlying this diversity there would appear to be certain trends and movements which are common to all European countries, and which present similar, although by no means identical, problems for governments, trade unions and managements alike. The pace of technological change; the continued attempts to find appropriate formulas to permit employers and workers and their organisations to participate in decision-making at various levels; the growing tendency towards plant-level bargaining and the problem of its integration into national economic policies; the broadening role of the trade unions in national life; the growing importance of personnel management in the undertaking—all these new situations create new problems which appear, to a certain extent, to cut across national and ideological barriers.

CONCLUSIONS

It is, to me, a matter of great significance and importance that after a period of 13 years the I.L.O.'s European constituents are once again meeting to discuss and review common problems. I take this to be a reassuring sign that European countries have come to recognise that, in spite of their obvious differences, and in spite of the diversity of customs, traditions and economic and social systems, there are underlying similarities in the problems they face in the social field and a definite need for co-operation among themselves in dealing with these problems.

That there are common problems among the countries of Europe is, I feel, the first conclusion to emerge from the three reports before the Conference. The rapid advances in technology, the growing size of the individual enterprise, and the increasing complexities of the market have brought in their wake a whole complex of new social issues as well as new opportunities which were only partly foreseen some 20 years ago. All European countries are experimenting with innovations in the organisation of their economic and social life; all are engaged in an effort to keep the pace of social development in line with that of economic and technical development. Both Eastern and Western Europe have been introducing new elements in their procedures for planning and policy-making. In both East and West this is having far-reaching consequences for managers and workers and their organisations.

There is also a growing readiness among European countries to co-operate and even to integrate their efforts in shaping the economic and social future of their continent. Among Western European countries, of course, the movement towards such co-operation has developed greatly since the end of the Second World War, and has resulted in the creation of the Council of Europe, the Organisation for European Economic Co-operation (which later expanded to become the Organisation for Economic Co-operation and Development), the European Communities, the Western European Union and the European Free Trade Association. And in Eastern Europe the Council for Mutual Economic Assistance has been aiming to create a rational division of labour among socialist countries. But until recently, opportunities for co-operation between East and West in the examination of European problems in the economic and social fields have been very limited, although the United Nations Economic Commission for Europe has provided a useful instrument for such co-operation. Today, however, with the important changes that are taking place in economic and social life, there appears to be a real need for widening considerably the scope of collaboration on a truly European scale.

The question on which I would appreciate the guidance of this Conference is the extent to which the I.L.O. can, and should, contribute to promoting such collaboration.

A large and increasing proportion of the I.L.O.'s resources has, it is true, been devoted in recent years to the developing countries outside Europe, mainly in the form of technical co-operation. It is, in my view, right that the developing countries should claim priority attention in the I.L.O.'s action, and it is most encouraging that European countries should have given so generously in resources and expertise, and in making facilities available for the training of fellows, to assist the I.L.O. in this task. It would, nevertheless, be unfortunate if the role of European countries in the I.L.O.'s work were limited (or were thought to be limited) to providing resources and experience for assistance to the developing countries, however important this may be, and if the I.L.O. were unable to offer some practical assistance in the solution of the acute problems which Europe itself is experiencing today. For it seems to me that the I.L.O., whose membership includes the governments, workers and employers of nearly all European countries, is in a unique position to help Europe in the search for better mutual understanding and in promoting the greater material and spiritual welfare of its inhabitants.

Europe has not, of course, been overlooked in the I.L.O.'s action in recent years. Certain European countries, particularly the countries of south-eastern Europe, have received a considerable amount of direct assistance in a wide variety of fields through the I.L.O.'s technical co-operation programme. Industrial Committees have provided opportunities for government, employer and worker representatives from Eastern and Western Europe to meet and exchange views on the practical social problems of the major industries of the world—in all of which Europe occupies a leading position. The I.L.O.'s Conventions have been more widely ratified by European countries than by countries in any other continent. In addition, certain of the I.L.O.'s activities have been directed specifically at European problems—for example the international agreements concluded under the I.L.O.'s auspices concerning the social security and conditions of employment of Rhine boatmen and of international road transport workers in Europe. Several of the I.L.O.'s research projects and publications on subjects such as incomes policies or comparative labour cost surveys have dealt with subjects which are particularly topical in Europe, while the former International

Centre for Information and Research on Vocational Training (C.I.R.F.) devoted special attention, as the International Occupational Safety and Health Information Centre (C.I.S.) continues to do, to the dissemination of information in their respective fields concerning European countries. Finally, the programme of action the I.L.O. has launched to examine the social consequences of automation is of particular relevance to Europe. But the Conference may wish to consider whether more needs to be done, and whether the I.L.O. could not contribute more directly to the solution of specifically European problems in a European context.

In examining the ways in which the I.L.O.'s action for Europe might be intensified, it will be necessary to take into account two basic considerations. Firstly, we must not overlook the fact that a number of organisations in Europe are already active in fields of interest to the I.L.O., even though their action does not cover Europe as a whole. Reference has been made in this report—and in the other reports to the Conference—to the activities of the O.E.C.D., the Council of Europe, the European Communities and the Council for Mutual Economic Assistance in the labour and social field. There can be no question of the I.L.O. duplicating the efforts of these organisations. On the contrary, the I.L.O. should, I suggest, continue to co-operate with them on technical issues of common interest as it has done in the past. But the I.L.O. should in principle concentrate its efforts on problems which are common to a large number of countries in different parts of Europe so as to act as a vehicle for truly Europe-wide co-operation and so as to avoid duplicating the action of European organisations with more limited membership.

A further consideration which must govern the I.L.O.'s action in Europe is the necessity for close and continuing co-operation with the United Nations Economic Commission for Europe. Very close relations already exist between the two organisations, and it will be important, in planning an I.L.O. programme for Europe, for this co-operation to be strengthened.

Subject to these considerations, what should the I.L.O.'s action in Europe consist of? Various suggestions have been made, both in this report and in the technical reports, concerning fields where European countries face sufficiently common and difficult problems and have acquired sufficient experience to make an international programme of co-operation seem particularly desirable and useful. Manpower policies, incentives systems, modern management techniques, problems of rural-urban migration, workers' participation in decision-making in the undertaking, certain problems relating to social security, the special problems of youth, new trends in labour administration, equality of opportunity and treatment, and certain problems relating especially to rural areas, such as vocational training and pre-vocational training in agriculture or the social problems involved in the industrialisation of rural areas: these are but a few questions of direct concern to the I.L.O. in which European countries have similar interests and face similar problems.

I would therefore hope that the Conference will give the Governing Body and the Office some guidance concerning the forms of I.L.O. action in Europe that would be most appropriate and useful in dealing with these questions, and the type of regional machinery that needs to be established for that purpose. The I.L.O. has been attempting in recent years to equip itself to deal with the specific problems of most other regions of the world. It has established a pattern of regional conferences and advisory committees and it is in the process of decentralising the structure of the Office. But until now Europe has been bypassed in this process, and I hope that this Conference will show us how regional action for Europe can be integrated into the over-all programme and the over-all machinery of the I.L.O.

It is clear that the action the I.L.O. would undertake for most European countries would be different from our activities in the developing regions. The emphasis in Europe will obviously be less on direct assistance (although this will continue to be made available, as far as resources permit, to European countries—and particularly the countries of south-eastern Europe—which request it) and more on facilities for disseminating information, for research and for exchanges of experience.

I do not wish to prejudge the outcome of the Conference's discussions on these questions, but I would draw attention to the useful role that can be played in any I.L.O. programme for Europe by the International Institute for Labour Studies and by the International Centre for Advanced Technical and Vocational Training in Turin.

The Institute could, I submit, become a central point for promoting contacts between European research institutes and for stimulating and co-ordinating comparative research on social problems in Europe. The Institute now has under way a major comparative research project on workers' participation in management to which research centres in various European countries are contributing, on the basis of a common plan of research drawn up by the Institute. This approach to comparative research could, I believe, usefully be extended to other topics of interest to the I.L.O.

The Turin Centre too is now embarking on a programme of action which will be of direct interest to Europe. In accordance with a decision taken by the Board of the Centre at its last meeting, the Centre will lay great emphasis on management training in its programme for the next four-year period, and will, in particular, arrange for exchanges of views and experience between management personnel in the countries of North America and Europe. In this way it will meet what I feel to be a very acute need in European countries; it will, I am sure, prove to be an excellent vehicle for the transmission of advanced management techniques at a time when all European countries are preoccupied with raising the efficiency and the standards of industrial management.

The machinery and the expertise of the I.L.O. as a whole are, in short, available to serve Europe as well as other parts of the world. As the I.L.O. stands on the threshold of its 50th anniversary year, I hope that its European constituents will seize this opportunity to consider how their organisation can serve them better and more effectively as an instrument for co-operation among themselves, and as a tool for social progress in this era of momentous change.